

# STATE OF COLORADO

## SECOND PROGRAM YEAR ACTION PLAN

April 1, 2011-March 31, 2012

**Governor John Hickenlooper**



**Reeves Brown**  
Executive Director,  
Department of Local Affairs

**Tony Hernandez, Director**  
Division of Local Government

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Division of Housing

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# **GOVERNOR OF COLORADO Hickenlooper**

**Executive Director,  
Department of Local Affairs**

## **STATE HOUSING BOARD**

**1<sup>st</sup> Congressional District**

**2<sup>nd</sup> Congressional District**

**3<sup>rd</sup> Congressional District**

**4<sup>th</sup> Congressional District**

**5<sup>th</sup> Congressional District**

**6<sup>th</sup> Congressional District**

**7<sup>th</sup> Congressional District**

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# Second Program Year Action Plan Narrative Responses

## EXECUTIVE SUMMARY

### Department of Local Affairs Organization

The Colorado Department of Local Affairs (DOLA) strengthens communities and enhances livability in Colorado. Using reliable and objective assessment methods, DOLA bridges the gap between localities and State government, partnering with local leadership to solve a wide range of problems and address a broad spectrum of issues and challenges. Through responsive action, flexibility and unparalleled customer service, DOLA helps to ensure safety, equity, and vitality throughout the state.

Two divisions of the Department of Local Affairs (DOLA), the Division of Housing (DOH), the Division of Local Government (DLG), administer the four HUD formula programs as well as Neighborhood Stabilization and Homeless Prevention and Rapid Rehousing. The divisions coordinate the administration and annual reporting of these HUD funds for the State under the authority of DOLA's Executive Director.

### Past Performance

April 1, 2010 to March 31, 2011 is the first performance period (Year 1 Action Plan) of the State's Five Year Consolidated Plan, thus, the current year data is incomplete. However, Colorado is on target to meet funding of its Single Family Owner Occupied housing program goals with 124 units/140. DOLA/DOH currently funds new construction only in areas highly impacted by growth or tight market conditions. Units funded to date are 248/425; Special Population units funded are 241/95.

In 2010, DOLA contracted \$13,221,926 in CDBG funds for public facility projects including two child care centers, one domestic violence shelter, two health facilities, one adult learning center, and 12 infrastructure projects involving water, wastewater or drainage for a total of 18 projects.

DOLA also funded economic development projects, including six revolving loan fund programs and one infrastructure grant to promote job creation for businesses. The total spent on these activities was \$3,144,342.

The State obligated its allocation of 2008 Neighborhood Stabilization Program (NSP1) funding by the target deadline of September 10, 2010 and is applying for an allocation of NSP3. The Homeless Prevention and Rapid Re-housing Program (HPRP) has through September 2012 to expend its funds. Community Development Block Grant (CDBG-R) which was also part of the American Recovery and Reinvestment Act are obligated and spent. Each of these funding sources had a different expenditure timeline. DOLA's workshops and trainings helped build capacity among local governments and nonprofit organizations involved with community development, affordable housing, and/or economic development.

The Department emphasized acquisition and rehabilitation of existing units as well as opportunities to add existing market rate units to the affordable housing inventory. DOLA responded to the housing foreclosure issue by collaborating with financial

institutions and foundations to continue the toll-free statewide foreclosure hotline funded by private donations. The chart below shows the housing mismatch data for Colorado. "Housing mismatch" describes the difference between the number of households at a certain income level and the number of units affordable to households at that level. Homeless and severely cost-burdened households occur primarily in the income band of \$10,000 or approximately 18% of the Area Median Income.

**Housing Mismatch – State of Colorado**

Income level	Affordable Rent for Income Level	Number of Households Per Affordable Unit at This Income Level	Number of Units Needed for Income Level
\$10,000 (18% AMI)	250	1.9	38,983
\$15,000 (27% AMI)	375	2.3	80,357
\$20,000 (36% AMI)	499	2.0	96,653
\$25,000 (45% AMI)	624	1.5	81,075

Source: produced by the Department of Local Affairs

Adjusted for inflation, incomes in many areas of the State declined faster than rents during the period 2000 to 2010.

Regions	% Change in avg. rent	% Change in renter median income
Denver metro	-8.3	-17.5
Pueblo	-1.5	-11.2
Greeley	-5.9	-18.4
Grand Junction	-14.5	-8.1
Fort Collins	-4.1	-18.4
Colorado Spgs.	-7.9	-16.5
Summit County	5.8	-14.5
Eagle County	-8.9	-14.5

Source: Vacancy and Rent Surveys by Gordon Von Stroh and the Household Income Report produced by the Department of Local Affairs

## Strategic Plan Strategies, Goals, Objectives and Outcomes

DOLA'S HOUSING STRATEGIES					
DOLA Strategy	DOLA Priority	HUD Program Goal	HUD Objective	HUD Outcome Statement	DOLA Annual targeted production of units
Preserve the existing statewide supply of affordable rental or home-ownership housing.	High	Decent Housing	Availability	Accessibility for the purpose of providing decent housing	<i># units of existing affordable rental housing preserved</i> Benchmark: 348  <i># units of homeownership preserved</i> Benchmark: 140
Increase the statewide supply of affordable "workforce" rental housing and home-ownership in high need areas.	Medium	Decent Housing	Affordability	Affordability for the purpose of providing decent housing	<i># rental units created</i> Benchmark: 425 <i># homeownership opportunities created for high-need areas</i> Benchmark: 190
Increase the capacity and stability of local housing and service providers statewide.	Medium	Decent Housing	Sustainability	Sustainability for the purpose of providing decent housing	<i>Provide CHDO operating funding equal to 5% of HOME allocation</i> Benchmark: 100%
Increase statewide pre-purchase homeownership counseling for low/moderate income and minority households.	Medium	Decent Housing	Affordability	Affordability for the purpose of providing decent housing	<i>#homeownership pre-purchase counseling programs for low/moderate income and minority households</i> Benchmark: 10 programs
Prevent and eliminate homelessness	High	Suitable Living Environment	Availability	Accessibility to provide a suitable living environment	<i># shelter and TH</i> Benchmark: 10 new beds Permanent supportive: 75 Operation/ essential

					services 4,000 persons Prevent homelessness 700 households
Increase statewide supply of housing for persons with special needs coupled with services that increase or maintain independence.	High	Decent Housing	Affordability	Affordability for the purpose of providing decent housing	<i># of special needs units coupled with services</i> Benchmark: 95 units  <i># of persons with HIV/AIDS maintaining housing stability</i> Benchmark: 90
Provide rental subsidies statewide for low-income households who would otherwise pay more than 30% of their household income for housing.	Medium	Decent Housing	Affordability	Affordability for the purpose of providing decent housing	<i># rental subsidies provided for low-income households</i> Benchmark: 140 households
Project base Section 8 vouchers to provide a revenue source for housing units and HOME and CDBG funding to fill gaps in development of units for the homeless and disabled populations	High	Decent Housing	Affordability	Affordability for the purpose of providing decent housing	<i>Project-base at least 50 Section 8 Vouchers.</i>
Assist low-income renters and owners with energy-efficiency upgrades.	Medium	Decent Housing	Affordability	Affordability for the purpose of providing decent housing	<i># energy efficiency upgrades assisted</i> Benchmark: 75% of units will meet or exceed Energy Star
Ensure the statewide safety and habitability of factory built/manufactured structures through program services that are efficient and effective.	Medium	Decent Housing	Affordability	Affordability for the purpose of providing decent housing	<i>Reduce commercial and residential plan review turn-around time (days)</i> Benchmark: 15 days  <i>Meet manufacturer plant inspection request dates</i> Benchmark: 100%

**DOLA'S ECONOMIC DEVELOPMENT STRATEGIES**

<b>DOLA Strategy</b>	<b>DOLA Priority</b>	<b>HUD Program Goal</b>	<b>HUD Objective</b>	<b>HUD Outcome Statement</b>	<b>DOLA Annual targeted production of units</b>
Provide assistance to qualified small businesses to start or expand their operations, and partner with local banks to fill gaps in financing packages, so that 51% of jobs are created or retained by persons of low-to moderate-income.	High	Economic Opportunity	Sustainability	Sustainability for the purpose of creating economic opportunities	# of jobs created or retained Benchmark: 100
Assist communities with the installation of public infrastructure that will benefit start-up and expanding businesses that create or retain jobs, at least 51% of which will be or are filled by persons of low-to moderate income.	High	Economic Opportunity	Sustainability	Sustainability for the purpose of creating economic opportunities	# of jobs created or retained Benchmark: 100

**DOLA'S COMMUNITY DEVELOPMENT STRATEGIES**

<b>DOLA Strategy</b>	<b>DOLA Priority</b>	<b>HUD Program Goal</b>	<b>HUD Objective</b>	<b>HUD Outcome Statement</b>	<b>DOLA Annual targeted production of units</b>
Provide financial assistance to rural communities to implement community development and capital improvement activities.	High	Suitable Living Environment	Sustainability	Sustainability for the purpose of creating suitable living environments	Number of persons served as a result of the public facility improvements or construction Benchmark: 400
Increase the capacity of local governments to administer federal grants that facilitate the development of sustainability activities.	High	Suitable Living Environment	Sustainability	Sustainability for the purpose of creating suitable living environments	Number of local government that increased their capacity to administer federal grants Benchmark: 400



# STATE OF COLORADO

## Second Year Action Plan

April 1, 2011 – March 31, 2012

### Managing the Process

#### Lead Agency

DOLA is the lead organization in development of the Five Year Plan, along with two of its divisions: Housing (DOH) and Local Government (DLG). Consolidated Plan programs include the HOME, Emergency Shelter Grant (ESG), Community Development Block Grant (CDBG), Housing Opportunities for Persons with AIDS (HOPWA), Housing Trust Fund (HTF), Neighborhood Stabilization Program (NSP3), and the Homeless Prevention and Rapid Re-housing Program.

#### Process Development

DOLA developed the Annual Action Plan as follows:

- (1) Assessed the current economic, social, housing and infrastructure climates and evaluated current programs in light of those conditions.
- (2) Examined unmet needs of targeted households from an economic, social, and infrastructure standpoint, determined second year goals strategies to address those needs.
- (3) Reviewed HUD's new Strategic Plan to identify correspond activities and efforts and used this to help set priorities.
- (4) Developed a draft framework of activities to accomplish the strategies.
- (5) Gathered input and consulted with other State agencies, including those organizations outlined below.
- (6) Consulted with stakeholders through meetings, focus groups, emails, phone calls and other efforts

##### CONSULTATION:

- ❖ Colorado Civil Rights Division
  - ❖ Faith-based Organizations
  - ❖ Colorado Department of Human Services (DHS), Supportive Housing and Homeless Programs Division (SHHP)
  - ❖ Colorado Housing and Finance Authority (CHFA)
  - ❖ State of Colorado Housing Board
  - ❖ Community Housing Development Organizations (CHDOs)
  - ❖ Colorado AIDS Project
  - ❖ Colorado Community and Interagency Council on Homelessness
  - ❖ Colorado Continuums of Care (CoCs)
  - ❖ Colorado Coalition for the Homeless (CCH)
  - ❖ Colorado Independent Living Centers
  - ❖ Economic Development Organizations
  - ❖ Northeast Denver Housing Center, Lead Hazard Control Division
  - ❖ Local Governments, through Councils of Government and DOLA field staff
  - ❖ Housing Authorities
- (7) DOLA incorporated public input and readied the draft document for public comment. Public Hearings were held in Grand Junction and Denver on January 6, 2010 using both physical and phone conferencing meeting format. The State posted the plan for 30 days and accepted written comments. Comments and Responses are shown in Attachment A.

## **Actions to Enhance Coordination**

DOH facilitates interagency coordination of housing, health and social service activities of various public and private agencies by participating in the following efforts:

- ❖ Established a “Housing Initiatives” program to coordinate and collaborate with multiple agencies across additional program areas, including Veterans’ Housing, Second Chance Prisoner Reentry, Renewable Energy, Sustainable Communities, Property Manager education and others.
- ❖ Intradepartmental CDBG Coordinating Group. DOLA created a cross-divisional work group to coordinate and integrate its use of CDBG funds.
- ❖ The Housing “Pipeline” which includes development staff from DOH, the Colorado Housing and Finance authority (CHFA), Mercy Housing Southwest, the USDA Rural Development, and Department of Housing and Urban Development (HUD).
- ❖ Colorado and Community Interagency Council on Homelessness is a State coordinating organization appointed by the Governor to develop a strategic plan to end homelessness.
- ❖ Continua of Care (CoCs) are broad-based, community coordinating coalitions that plan, prioritize and deliver housing and supportive services for the homeless.
- ❖ Housing Colorado, Inc. is a 501(c)(3) membership organization that facilitates workshops, meetings and educational opportunities for diverse housing organizations.
- ❖ Colorado Chapter, National Association of Housing Redevelopment Organizations (NAHRO) is a state trade association for housing authorities and redevelopment agencies
- ❖ Colorado Foreclosure Hotline, a public-private partnership effort to prevent foreclosures.
- ❖ Neighborhood Stabilization Collaborative partnership is comprised of ten jurisdictions working to stabilize neighborhoods heavily impacted by foreclosures.
- ❖ Colorado Housing Outreach Partners in Education/Enforcement (C-HOPE) Provides foreclosure education and enforcement. Members include the Civil Rights Division, DOH, Department of Regulatory Agencies and Attorney General’s Office.
- ❖ Examine linkages between HOME, CDBG and other HUD grant programs and the HUD Section 8 Housing Choice Voucher Program. The purpose of the examination is to increase the supply of affordable housing for persons of limited income.

## Anticipated Plan Resources

DOLA receives a variety of federal and State resources, including the HUD formula amounts shown below that help meet the State's housing, community and economic development needs. DOLA links these resources together and combines them with funding from local jurisdictions and private sources to maximize cost efficiency and stretch the public dollar.

<b>HUD Formula Funds Administered by the Department of Local Affairs</b>	<b>Estimated Amount</b>
Home Investment Partnership Funds (HOME)	\$7,304,221
Emergency Shelter Grant (ESG) 1 <sup>st</sup> Allocation	\$1,040,658
Emergency Solutions Grant (ESG) 2 <sup>nd</sup> Allocation	\$585,370
Community Development Block Grant (CDBG)	\$8,702,773
Housing Opportunities for Persons with AIDS (HOPWA)	\$424,707
Section 8 Housing Choice Vouchers	\$18,268,805
<b>Other Estimated Federal Resources</b>	
Homeless Prevention and Rapid Re-Housing Program (HPRP)	\$ 8,154,036
Low Income Energy Assistance Program	\$ 340,000
Community Services Block Grant	\$6,043,816
Community Services Block Grant Recovery (CSBG-R)	\$8,684,648
HUD's Challenge Grant in conjunction with DOT's TIGER II Grant Fund for the Sustainable Main Streets Initiative	\$1,280,000
Neighborhood Stabilization Program (NSP1)	\$5,098,309
McKinney Homeless Assistance (All CoC regions)	\$17,467,215
Metropolitan Denver Homeless Initiative CoC	\$13,175,836
Homeward Pikes Peak CoC	\$ 1,586,172
Balance of State CoC	\$ 2,705,207
<b>Estimated State Resources</b>	
Housing Development Grant	2,250,000
<b>Estimated "Other Resources"</b>	
Local Governments	\$10,000,000
Nonprofit Sector Contributions to Projects	\$ 3,109,500
Private Sector Contributions to Projects	\$ 5,000,000
Colorado State Tax Check-off for Homelessness Prevention	\$ 139,000

DOLA is the only department in the State that has both a Consolidated Plan and a Public Housing Administrative Plan. As such, the Department has the ability to strategically place or invest both Section 8 and the Consolidated Plan-related funding streams of HOME, CDBG, ESG and HOPWA. As a catalyst to creative collaborations, it is DOLA's intent to use its HOME and/or CDBG resources to fill gaps on the housing development side of a project, while using project-based Section 8 Housing Choice Vouchers to create innovation on the revenue side. This approach will be a forerunner to other jurisdictional collaborations for greatest need populations in Colorado.

## Performance Outcome Measures

HUD has established the following Performance Measures for the consolidated planning and measurement processes:

HUD Statutory Program Goals

- ❖ Decent housing
- ❖ A suitable living environment
- ❖ Expanded economic opportunity

Funded activities must also address at least one of the following objectives:

- ❖ Availability/accessibility
- ❖ Affordability
- ❖ Sustainability

DOLA incorporated these Performance Measures into this Action Plan as shown below in "Strategic Plan Strategies, Goals, Objectives and Outcomes." The State will report its performance in the Consolidated Annual Performance Evaluation Report (CAPER) in June 2012.

HUD has identified five common indicators for each CDBG-funded activity. The Department of Local Affairs will collect data on outcome indicators from each project selected for funding.

1. Leveraging - other public and private funds that go into each project
2. Number of persons, households, or housing units assisted
3. Income levels of beneficiaries
4. Number of communities assisted
5. Current racial/ethnic and disability categories

HUD identified 17 other indicators to be used depending on the CDBG-funded activity and its purpose. To collect the applicable indicator data and meet the HUD performance measures system requirements, DOLA programs have taken the following steps:

1. Improved forms and reports to collect performance measurement data that matches HUD's Integrated Disbursement Information System (IDIS), including:
  - ❖ Grant application forms
  - ❖ Grant closeout forms
  - ❖ Grant contracting documents
  - ❖ Project Performance Reports
  - ❖ Quarterly Reports
2. Assessed training needs on performance measure reporting for grantee and subrecipients
3. Collected and entered new performance measurement data into IDIS on existing contracts.

## Basis for Allocating Investments and Assigning Priorities

The State of Colorado distributes HOME Investment Partnership (HOME) funding across the entire state. Community Development Block Grant (CDBG) funding is also allocated across the State, except in CDBG entitlements areas. CDBG funds will continue to focus attention on affordable housing creation and preservation, economic development projects that create or retain jobs and public infrastructure needs of non-entitlement communities throughout the state.

The State will continue to maintain a competitive selection process to distribute CDBG funds utilizing, but not limited to, the following proposed project criteria:

**1. Need-** The number of low and moderate income persons in the proposed project area.

**2. Impact-** Evaluation of the extent to which the proposed project will eliminate or reduce the need identified and will improve the long-term physical or economic condition of the project area and its residents.

**3. Capacity-** An evaluation of the administrative capacity of the applicant to complete the activity in a timely manner.

**4. Cost-Effectiveness-** An evaluation of the extent to which the project will make cost-effective use of grant dollars, including consideration and use of funds from other public and private sources.

**5. Demographics-**The number of persons in poverty in the project area and the per capita assessed valuation of the area.

In 2010, the Division of Local Government (DLG) began implementing a pilot competitive application process, in which multiple grant applications are reviewed, rated and ranked and grants are awarded to those applicants that most closely meet the selection criteria established by the DLG. Typically, review criteria are based on programmatic requirements and on an applicant's ability to carry out the grant.

Review criteria may include, but are not limited to the following:

- ❖ Project need
- ❖ Project sustainability
- ❖ Financial and administrative capacity of the applicant
- ❖ Geographic coverage
- ❖ Applicants past performance as a grantee of the State

The Department awards ESG funding through a competitive application process with a goal of geographic equity. HOPWA funds are allocated in proportion to the occurrence of HIV/AIDS in each of the four non-HOPWA entitlement regions. The HOPWA service agencies determined this to be a fair, equitable and consistent way to allocate HOPWA dollars, and it is needs-based. The four geographical regions are:

- \*Western Slope (West CAP),
- \*Northern Front Range, (N-CAP)
- \*Southern Colorado (S-CAP); and
- \*Western Slope (West-CAP)

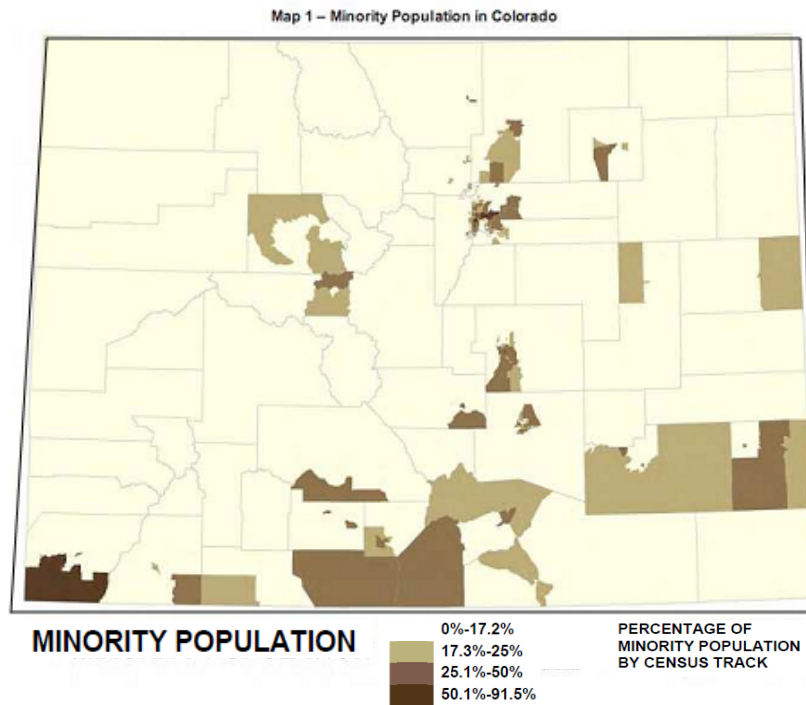
## Geographic Areas

DOLA provides direct assistance to all geographic areas of the state including areas of minority concentration, and it prioritizes families with less than 30 per cent AMI.



## Areas of Minority Concentration

To address areas of minority concentration, the Division of Housing will carefully examine the location of each proposed project, and fund those projects that will promote racially integrated and economically healthy communities.



## **Other Actions: Addressing the Obstacles to Meeting Needs of the Underserved**

The most commonly cited obstacles to meeting the needs of the under-served are 1) the lack of sustainable grant funding, and 2) the knowledge and capacity to apply for and administer federally regulated programs and projects by the smallest towns and most sparsely populated counties. To address these obstacles the State will continue its collaboration efforts with the Colorado Department of Public and Health and Environment and the USDA Rural Development to address community development opportunities and provide specialized technical assistance for local governments to increase their knowledge of and access to available State and federal community development programs and resources. For sub-recipients the Department will also continue to provide technical assistance and training with every contract awarded.

DOLA serves all rural counties with its Business Loan Funds. The Department reaches out to businesses by annually hosting at least five regional business finance forums throughout the state. The State advertises its infrastructure grants to municipal, county and economic development officials.

DOLA leads efforts to fund programs that can become models for communities throughout Colorado. For example, in 2010, DOLA received and matched a Community Challenge Grant from HUD and the U.S. Department of Transportation for its Colorado Sustainable Main Streets Program. As part of the overall project, the Five Points community of Denver solicited and received participation from low-income and minority citizens to assist with community planning efforts. As a result, the Five Points area will have a stronger downtown business area, improved community coordination and new employment opportunities. Residents become stakeholders in promoting positive neighborhood changes when they are involved throughout the process.

The Division of Housing (DOH) employs many strategies to meet the needs of the underserved, including the following: (1) promoting the development of low-income units by providing HOME and/or CDBG resources to fill gaps on the housing development side of a project, while using project-based Section 8 Housing Choice Vouchers to create innovation on the revenue side; (2) establishing a Veterans Housing Initiative to assist veterans who are experiencing homelessness; (3) creating an initiative that ensures linkage between housing and Medicaid, SAMHSA, TANF and other mainstream human service assistance; (4) Working with key stakeholder groups to make progress toward recognizing and treating the long-term effects of addiction and alcoholism as a disabling condition; (5) coordinating HEARTH ACT services with Continuums of Care and local jurisdictions to ensure that it funds projects and programs to meet the greatest homeless needs

DOH receives Housing Development Grant funds when State revenues are sufficient. When available, these State funds are the most flexible of the Division's resources, and allow tailored community solutions to help ensure that the poorest families in Colorado have an increasing supply of rental units affordable to them. DOH does not know the amount of HDG funding it will receive in 2011.

A primary housing program designed to reduce dependency on public assistance is the Housing Choice Voucher program. The Division also operates a Housing Choice Voucher Special Needs Program to coordinate organizations that provide supportive services. Five hundred disabled families receive rental assistance through independent living centers. Sixty families receive assistance through the Colorado AIDS project; and one hundred families in the Family Unification Program receive rental assistance, as well as 168 families who are homeless or at the risk.

Colorado Housing and Finance Authority (CHFA) is also exploring ways to provide low-interest loans for housing development that serves families at thirty per cent of AMI. DOH, CHFA and other funding agencies often coordinate their efforts to make affordable housing projects successful.

The Colorado Community Interagency Council on Homelessness (CCICH) creates statewide collaboration among nonprofit corporations, State and federal agencies. DOH actively participates to better link housing and services for low-income residents and homeless persons. Other topics of the CCICH include job training, education, employment, childcare, transportation, housing and food stamp benefits to assist poverty-stricken families in achieving economic self-sufficiency.

## **Citizen Participation**

### **SUMMARY OF PROCESS AND CONSULTATION**

The State consulted with public and private agencies that provide housing, health, social, public infrastructure improvements, economic development, and public services including HIV/AIDS Housing providers, homeless service agencies, faith-based communities and organizations that provide services to the disabled community.

DOLA solicited input about the Annual Action Plan through website postings, email communications, and public testimony. The State worked directly with economic and housing development agencies, local communities, nonprofit agencies and faith-based organizations, including Mercy Housing, Volunteers of America, Catholic Charities, Denver Urban Ministries, Colorado Council of Churches, St. Francis Center, Interfaith Hospitality Network and Colorado Coalition for the Homeless.

The State took input from its staff and the State Housing Board to finalize the Action Plan document.

### **PUBLIC HEARINGS**

DOLA held two public hearings to provide opportunity for comment to urban and rural areas on proposed one-year actions, with notice published on the Department's web page and in the *Boulder Daily Camera*, a newspaper of general circulation. The notice of publication contained information about the general content of the plan seven (7) days prior to the public hearing. The State sent a copy of the public notice to the organizations from which the State sought consultation. The State provided accommodation for the handicapped and offered the services of language interpretation, although no language accommodation was requested. The State did receive comment on its housing activities. Comments are attached as Exhibit A, along with the State's report of how we changed the plan in consideration of those comments.

The State accepted written comments for thirty (30) days from the date of the hearings. No written comments were received. DOLA held hearings on (Grand Junction) and January 6, 2010 (Denver) and received the comments notated and responded to in Appendix A.



## **PUBLIC INFORMATION AND ACCESS TO RECORDS**

Information and records about the proposed use of HUD funding sources will be available at the Department of Local Affairs, 1313 Sherman Street, Room 518, Denver, Colorado during regular office hours, 8am to 5pm Monday through Friday, except holidays. Copies of the proposed plan will also be posted in DOLA field offices.

Northeastern area office, Fort Morgan, (970) 867-4961	Southeastern area office, Pueblo, (719) 544-6577
Northwestern office, Grand Junction, (970) 248-7310	Southwestern office, Durango, (970) 247-7311
Northern Mountains office, Silverthorne, (970) 668-6160	South Central office, Alamosa, (719) 589-2251
North Central office, Loveland, (970) 679-4501	Central office, field offices. Golden, (303) 273-1787

## **AMENDMENTS**

The DOLA will amend its consolidated plan when there is a change in the method of distribution or at HUD's direction.

## **WRITTEN COMMENTS AND COMPLAINTS**

The State will respond to comments, complaints and grievances within fifteen (15) working days, when practicable, and include them in the consolidated plan. Please address your comments, complaints, or grievances to:

DOLA Consolidated Plan Staff  
1313 Sherman Street, Room 518  
Denver, CO 80203  
PHONE (303) 866-2046

## **Neighborhood Revitalization Areas**

There are no Neighborhood Revitalization Areas or Target Areas in this Plan. A Community Revitalization process is in development through the Sustainable Main Streets Initiative. Please see page 109 under Community Development.

## **Impediments to Fair Housing**

The State is in the process of updating the Analysis of Impediments to Fair Housing Choice, and anticipates a final document in May. A draft of findings is presented in Exhibit D.

## **ACTIONS TO OVERCOME IMPEDIMENTS**

The following actions have occurred in the past year to help overcome impediments: (1) DOLA appointed a Fair Housing Coordinator within the Division of Housing (DOH); (2) The Department continued housing counseling activities; (3) DOLA developed a stand-alone Fair Housing Web Page on the DOH website <http://dola.colorado.gov/cdh/fairhousing/index.htm>; (4) The Department continued to conduct training regarding fair lending practices with agencies that receive DOH funding; (5) Attended HUD-hosted webinars about new Fair Housing requirements in preparation for updating the Analysis of Impediments to Fair Housing Choice. (6) In collaboration with the Colorado Department of Human Services, Supportive Housing and Homeless Programs conducted a state-wide web-based survey of Fair Housing issues.

## Institutional Structure

### Institutional Structure for Housing

**Division of Housing (DOH)** coordinates the State's affordable housing efforts and works to foster cooperation between private enterprise and local, State and federal governments. Its goal is to facilitate construction, acquisition and rehabilitation of affordable housing units, particularly for lower income households. It provides both technical assistance and direct financial support to local governments, for-profit developers, non-profit agencies and local housing authorities through the following programs:

- ❖ Federal "Small Cities" Community Development Block Grant Housing Program (CDBG);
- ❖ Federal Home Investment Partnership Program (HOME);
- ❖ Private Activity Bond Program (PAB);
- ❖ Supportive Housing Program (SHP);
- ❖ Emergency Solutions Grant Program (ESG);
- ❖ Homeless Prevention and Rapid Rehousing;
- ❖ Housing Opportunities for Persons with AIDS (HOPWA)
- ❖ Neighborhood Stabilization Program (NSP)
- ❖ State Housing Development Grant Program (HDG);
- ❖ Manufacture Home Construction and Safety Standards
- ❖ Housing Choice Voucher Program.

DOH assigns specific regions of the state to the Community Housing Assistance Section staff to assist local communities in identifying housing needs, including the type, cost, location and number of units needed in the community and to develop viable projects.

The **State Housing Board**, whose seven members are appointed by the Governor, serves as an advisory unit to DOLA, DOH and the Governor. The Board meets monthly to review and recommend funding on housing applications for the various programs administered by the Division, creates policy to regarding funding of housing activities, passes regulations for manufactured structures, reviews both Consolidated Plan and the State's Public Housing Authority Plan, and adopts building codes for multifamily housing in counties with no codes.

**The Division of Local Government (DLG)** administers three programs that directly and indirectly affect statewide housing efforts. All of DOLA's divisions and programs coordinate efforts to achieve goals and strategies.

- ❖ The *Energy and Mineral Impact Assistance* (EMIA) program provides grants for the planning construction and maintenance of public facilities, provision of public services and housing. Loans, in addition to grants, are available for water and wastewater projects. Eligible recipients are municipalities, counties, school districts, special districts and other political subdivisions socially or economically impacted by the development, processing or energy conversion of minerals and mineral fuels.
- ❖ The *"Small Cities" Community Development Block Grant* program, which provides grants for public facility projects.

- ❖ The Department designates certain economically-distressed areas of the State as *Enterprise Zones*. Businesses may qualify for special State tax incentives to encourage job creation/investment in these zones.

DLG also functions as an outreach arm of the department along with housing and economic development staff. Staff members work with local clients to define needs, identify and develop response capacity, coordinate the delivery of department services, provide follow-up with evaluation of project effectiveness, and advocate for both local government clients and for department agencies.

Denver-based staff works to build local government capacity through a variety of general government and community development services, and provides or arranges some financing.

- ❖ *Technical Services*, in coordination with Field Services, provides a broad range of specialized technical assistance, training, and published materials to enhance the administrative capability for local governments. These services include budgeting and financial management; capital improvement and land use planning; purchasing; environmental matters; water and sewer financing and operations; and financial capacity research and analysis.
- ❖ *Demography* provides demographic and economic information, assistance and coordination to public and private organizations. Services include all decennial census data; general and special population estimates and projections; cooperative programs with the U.S. Bureau of the Census; and special economic and demographic analysis.

**State of Colorado, Department of Human Services (DHS)** manages services for vulnerable populations including those with serious mental illness, persons with disabilities, youth aged 10 to 21 years who have demonstrated delinquent behavior, homeless persons with mental and physical disabilities and veterans in need of supportive housing. DHS is committed to efficient use of mainstream resources, including TANF, Supplemental Nutrition Assistance Program (formerly Food Stamps), Child Welfare, Veterans Affairs Supportive Housing (VASH), and Housing Choice Vouchers.

**Colorado Housing and Finance Authority (CHFA)** is an independent, self-sustaining establishment with over nearly \$3 billion in assets. CHFA sells bonds that enable it to provide financing for single-family mortgages to qualifying homebuyers and to facilitate development of multi-family apartments for low- and moderate-income residents. CHFA also makes loans to Colorado-owned small and medium-sized businesses and administers Low Income Housing Tax Credits.

**Colorado Housing Authorities** are quasi-public organizations that provide affordable housing to very low-, low- and middle-income individuals through operation of federally subsidized units and Housing Choice Vouchers, also known as "Section 8".

**Local Governments or Regional Quasi-Public Organizations.** DOH, DLG and OEDIT work closely with local governments and Councils of Governments (COG) to deliver housing, community and economic development assistance. Local governments or COGs administer regional owner-occupied home rehabilitation and/or down payment assistance programs. DOH engages local governments in analyzing regulatory costs associated with housing development by publishing reports and conducting trainings for staff. DOH also publishes *Affordable Housing: A guide for*

*local officials*, a manual distributed to local governments to provide tools to help reduce regulatory costs for affordable housing.

**Nonprofit Organizations** including housing development and service agencies exist in many Colorado communities. DOH began working with local communities to create regional Community Housing Development Organizations (CHDOs) in 1991. DOH works with housing authorities and regional nonprofit organizations during all steps of the development process, from identifying housing demand to assembling financing packages to managing lease up. DOH continues to work with these partners to build the capacity to take on new affordable housing projects.

**Foundations**, including the Colorado Association of Realtors Housing Opportunity Fund (CARHOF), El Pomar Foundation, and the Daniels Fund may fund housing-related services.

**Private Industry Corporations**, financial institutions and the construction and real estate industries have a high level of participation in the affordable housing community.

## Non-Housing Institutional Structure

**The Division of Local Government (DLG)** administers non-housing programs that directly and indirectly affect statewide housing efforts.

Solid Waste & Landfill	Office of Energy Conservation Division of Local Government Department of Public Health & Environment
Drinking Water/Treatment	Division of Local Government Department of Public Health & Environment
Sewer/Wastewater	Division of Local Government Department of Public Health & Environment
Flood Control/Drainage	Colorado Water Conservation Board
Hazardous Material/Emergency Warning	Division of Emergency Services
Education, Distance Learning	Department of Education
Historical	Department of Higher Education/Historic Preservation
Aviation	Department of Transportation
Parks & Recreation	Department of Natural Resources

DLG shares a listing of all applications with USDA Rural Development to determine its interest in working together on a particular project/s. The State Impact Assistance Advisory Committee reviews all EMIA applications and makes recommendations to the Executive Director of the Department of Local Affairs except in emergency situations. Staff members review applications with the Director of the Division of Local Government for CDBG, and then make recommendations to the Executive Director for funding.

The Department participates in numerous boards and advisory groups. For example, the Water and Sewer Funding Coordination Committee, which is composed of State and federal agencies and other organizations works to facilitate funding of local water infrastructure projects and is normally concerned with sewer and water issues. The Committee is made up of the USDA Rural Development, Colorado Rural Water

Association, Colorado Water Quality Control Division, Colorado Water Conservation Board, Rural Community Assistance Corporation, the Colorado Water Resources and Power Authority, Colorado Municipal League, Special District Association of Colorado, and Colorado Counties, Inc. DLG coordinates meetings.

**The Office of Economic Development and International Trade (OEDIT)** has the purpose of retaining Colorado's existing businesses, helping them expand, encouraging out-of-state companies with good quality paying jobs to locate to Colorado, and of assisting persons or entities starting businesses in the State. The mission of OEDIT is to provide effective, professional assistance to the State's business community and to local communities; to make essential information easily accessible to business owners throughout the State; to promote the development and expansion of minority businesses; to offer State job training, marketing, and assistance programs to every region of the State; and to encourage new businesses, business retention, expansion and relocation resulting in the retention or creation of Colorado jobs. OEDIT includes Business Development, Business Finance, Small Business Development Centers, Economic Development Commission, Governor's Financial Review Committee, Venture Capital Authority, Minority Business Office, Tourism, Research and Special Projects and International Trade and Council on the Arts.

The Governor's Financial Review Committee reviews all CDBG economic development applications and makes final funding decisions.

#### **United States Department of Agriculture Rural Development**

The USDA Community Development Program (CDP) administers rural community development programs within USDA Rural Development. Each program and initiative promotes self-sustaining, long-term economic and community development in rural areas. The programs demonstrate how every rural community can achieve self-sufficiency through innovative and comprehensive strategic plans developed and implemented at a grassroots level.

**Foundations**, including El Pomar, the Daniel's Fund, Rose Foundation, Denver Foundation and many others contribute to the well-being of Colorado's residents.

**Private Industry Corporations** and financial institutions estate industries have a high level of participation in the affordable housing community.

### **Gaps in Institutional Structure and Strategies to Overcome Gaps**

State government works with local governments, private industry, and nonprofit organizations to tackle the issues involved in providing affordable housing, and community and economic development. The primary gaps remaining in the institutional structure in Colorado are:

#### **Governmental Coordination:**

*Problem:* Gaps in communications can affect the decision-making of an entire region and lead to inefficient land use or excessive burden on one locale.

*Solution:* The Department of Local Affairs (DOLA) is the one agency in Colorado that deals almost exclusively with local governments on all levels of its mission. DOH continues to increase the coordination and involvement of State and federal agencies, public and private nonprofits and others in the leveraging of funding sources, the planning and delivery of housing-related services, and the development of special initiatives to increase and preserve affordable housing.

The State's interagency "Housing Pipeline" is composed of key agencies that include the DOH, Colorado Housing Finance Authority, U.S. Department of Housing and Urban Development and U.S. Department of Agriculture, Rural Development. These bi-monthly meetings provide coordination around multiple agency rules, various funding sources and an annual targeting of specific priority areas of the State in order to address immediate housing needs.

**Capacity of Local Nonprofit Organizations and Housing Authorities:**

*Problem:* Many nonprofits lack not only the funding to meet their community's housing demands, but also the staff expertise to expand or diversify existing services.

*Solution:* DOLA works with the Department of Human Services and special-needs providers to encourage partnerships between service providers and housing development agencies. These alliances are essential to increasing the supply of affordable, accessible housing for persons with special needs. The new Neighborhood Stabilization Program provides an opportunity for local governments and nonprofit to stabilize housing markets through purchase and rehabilitation of foreclosed homes.

DOLA works to improve agency capacity through technical assistance, workshops, training and monitoring. These efforts encourage retention of existing housing and new production of housing units and the creation and expansion of projects and programs that meet community needs.

## Monitoring

### DOLA CDBG Program Monitoring

The Department's goal is to ensure that CDBG-funded projects are implemented in a timely manner, meet national objectives and proposed outcomes and are managed within the rules of the program.

The objectives of monitoring are:

- ❖ To document compliance with program rules
- ❖ Ensure timely expenditure of CDBG funds and timely closeout of projects
- ❖ Track program or project performance
- ❖ Identify technical assistance needs

To ensure that all statutory and regulatory requirements are being met for activities with HUD funds, the Department uses various monitoring standards and procedures.

The Department is responsible for ensuring that grantees under the CDBG program carry out projects in accordance with both Federal and State statutory and regulatory requirements. These requirements are set forth in the grant contract executed between the State and the grantee. The Department provides maximum feasible delegation of responsibility and authority to grantees under the program. Whenever possible, deficiencies are rectified through constructive discussion, negotiation and assistance.

Under the CDBG Program two basic types of monitoring are conducted: off-site or desk monitoring and on-site monitoring. Staff members regularly review each project to verify that it is proceeding in the manner set forth in the CDBG contract in accordance with applicable laws and regulations.

Desk monitoring is an ongoing process in which the program representative responsible for overseeing the grantee's project uses all available information to review the grantee's performance in carrying out the approved project. Grantees are required to submit quarterly project performance and financial reports for review. The review process enables the Department to identify problems requiring immediate attention.

On-site monitoring is a formal, structured review conducted by the program representative at the locations where project activities are being carried out or project records are maintained. One on-site monitoring visit is normally conducted during the course of a project. The review includes progress toward program goals, compliance with laws, and continued capacity to carry out the approved program. A standardized monitoring form is used to ensure that all items are addressed.

The Department uses the following process to set up, undertake and report on on-site monitoring visits:

- ❖ Program Representative calls the Responsible Administrator identified in the CDBG contract to schedule an on-site visit. The Program Representative sends a letter prior to the visit that confirms date and time, the monitoring document that will be used, and the people and files needed during the visit.
- ❖ Program Representative conducts on-site visit, review files, completes the monitoring tool, interviews key staff and inspects property if applicable.
- ❖ Program Representative submits monitoring report to the grantee within 30 days of the visit unless circumstances noted on the checklist would indicate a delayed report would be appropriate.
- ❖ Program Representative works with the grantee until all monitoring findings are cleared and concerns are addressed.

The monitoring report issued to the grantee following a review contains the following as applicable:

- ❖ Compliance areas reviewed, files reviewed, who conducted the review and the date it occurred;
- ❖ A brief description of the specific statute, regulation or requirement examined;
- ❖ The conclusion (i.e. satisfactory performance, concern, findings, question of performance, etc.) and the basis for the conclusion reached.
  - (a) A satisfactory performance determination is a conclusion that the grantee is meeting its award terms and its statutory and regulatory responsibilities.
  - (b) A concern raises an issue that does not involve a statute, regulation or requirement, but may involve a management recommendation or program improvement.
  - (c) A question of performance is an inconclusive review that raises a question as to whether a violation of a statute, regulation or requirement has occurred or compliance cannot be demonstrated. In this case the monitor will first informally discuss the review with the grantee or will request additional information, to be provided within a 30-day period, to determine whether a violation did occur. This determination is only for a limited period of time. When the grantee responds to the question, a final determination will be made.
  - (d) A finding is a clear, specific and identifiable violation of a statute, regulation or requirement about which there is no question. The action normally requested is for the grantee to explain, within a 30-day period, what steps it will take to remedy and/or prevent a recurrence of the violation

## **DOH Housing Monitoring**

In order to successfully administer State and federal housing funds, Division of Housing developed a monitoring policy that ensures affordable housing units are in compliance with applicable State and Federal guidelines. During the course of grant and or loan administration, Asset Managers and other DOH staff monitor project performance in a variety of ways. The monitoring policy describes DOH monitoring methods that focus on the following programs: HOME Program (HOME), Emergency Shelter Grant (ESG), Housing Development Grant (HDG), Home Investment Trust Fund and Section 8 Rental Assistance Programs.

### **PROJECT PERFORMANCE PLAN**

The Project Performance Plan (PPP) sets forth the goals and milestones that a project must meet in order for it to be successful and in compliance with federal and State requirements. The PPP addresses anticipated project problems and time lines needed to complete and manage the project. The PPP applies only to the HOME, HOME Investment Trust Fund, ESG and HDG projects and will be the basis for measuring and tracking the grantee's performance through the term of the project. Depending on the type of the project being funded, the PPP may include information on the following:

- ❖ Financial Management
- ❖ Marketing
- ❖ Leasing and Occupancy
- ❖ Construction Compliance
- ❖ Housing Management Requirements
- ❖ Federal and or State Compliance

DOH also uses the Project Performance Plan (PPP) to plan training and technical assistance.

The PPP is an assessment of the project needs based on the expertise of the DOH Housing Developer (DEVO), Asset Manager and the funding recipient (Grantee). A draft PPP plan is first developed by the DEVO based on their view of the needs of the project. The Asset Manager then adds their performance measurement suggestions to the Performance Plan. The Asset Manager will contact the DEVO if there are any discrepancies regarding the PPP.

The grantee is also made part of the preparation of the PPP and this is usually done in the following manner:

- ❖ A draft copy of the PPP can be faxed to the contractor for input before the contract is mailed to the grantee for signature.
- ❖ A meeting or conference call can be set up to review and prepare the Performance Plan
- ❖ The DEVO will develop the Project Performance plan along with the grantee.

PPPs vary, as do the different types of projects that are funded. To ensure all major milestones are covered in the PPP, DOH developed templates covering different types of developments and projects. These templates are not intended to be all-inclusive since each development team has the ability to tailor the PPP to the individual projects. Performance Plan templates also contain a column that can be used by the Grantee to track quarterly performance.

Because the PPP covers all critical project milestones, Asset Manager's are able to easily determine if a project is on track or not. Some projects require only a limited number of performance measures when the developer is a highly functioning agency or a strong partner organization participates in the project. For example, Colorado



Housing and Finance Authority (CHFA), Mercy Housing Loan Fund, Rural Development, HUD and private lenders or Community Development Financial Institutions often participate and may provide project oversight, construction monitoring, maintenance plans and property inspections. When other monitoring systems are in place, DOH does not duplicate these efforts.

## **ONGOING PROJECT MONITORING**

### **PERFORMANCE REPORT**

DOH requires each project it funds to submit a quarterly report that provides AMs a project update and flags pending or anticipated problems. As stated above, the quarterly performance report has been integrated into the PPP; this allows the Grantee to report on PPP milestones. AMs contact the grantee or borrower by telephone or e-mail on a monthly basis to track their project performance. DOH staff also uses this report to provide technical assistance to the grantee.

### **FINANCIAL STATUS REPORT**

The financial quarterly report lists the full financial status of the project including fund balances of the loan or grant provided. The quarterly financial report applies to HOME, HDG, and ESG projects.

### **SECTION 8 MONTHLY FINANCIAL REPORTS**

The Section 8 Contractors are required to submit monthly Housing Assistance Payment (HAP) requests and Lease Status Reports. These reports are used to track the utilization of the program, initiate rental payment changes and certify the rental assistance payments to landlords and participating families. Asset Managers and DOH Section 8 staff provide technical support on an on going basis when needed for program compliance.

## **CONTRACT MONITORING**

Near the end of the contract term or during the course of a fiscal year, Asset Managers monitor each DOH project to ensure that the project is in compliance with the applicable federal and State requirements. Because some projects need more attention than others, DOH has developed a Risk-Based Monitoring approach. DOH Risk-Based monitoring allows Asset Managers to focus more time on projects that are at higher risk of encountering problems during the project development.

The level of monitoring for the project will be determined by the Housing Programs Manager with input from the DOH Developer and Asset Manager. The Developer and Asset Manager discuss the administrative capacity of each grantee and determine the level of monitoring before recommending it to the Program Manager. The level of monitoring will be listed on the Project Performance Plan (PPP) attached to the grantee's contract or on the semi-annual monitoring schedule established by the Asset Manager. The level of monitoring may be changed during the term of the contract if needed. Projects are placed in one of the following three categories:

**FULL** (F - in monthly Oracle Report) - A FULL monitoring determination requires an Asset Manager to address all identified areas pertaining to the project within the regular DOH monitoring documents. The Asset Manager will also have to visit the project site and complete a housing quality standards (HQS) inspection on a minimum of five per cent of the total number of units and family files. The Developer and Asset Manager will recommend a FULL monitoring if the project contains the following:

- ❖ Grantee who has never received funding from DOH and/or Grantee that has not received funding in the last three years.

- ❖ New activity for existing grantee
- ❖ Complicated project
- ❖ Unresolved findings or concerns on last contract
- ❖ Repeat instances of findings or concerns
- ❖ Existing Grantee - new staff in key positions
- ❖ Staff recommendation due to unexpected problems occurring during the project.
- ❖ Davis Bacon Project
- ❖ Uniform Relocation Act
- ❖ Other if applicable

**PARTIAL** (P - in monthly Oracle Report) - A PARTIAL monitoring requires the Asset Manager to complete a modified monitoring form and perform a site inspection. The grantee may be asked to supply reports such as rent rolls through the mail or fax. The Developer may assist the Asset Manager in performing the site inspection if convenient. The Developer and Asset Manager will recommend a PARTIAL monitoring if the project contains the following:

- ❖ Uncomplicated project
- ❖ Repeat grantee-same/similar type project
- ❖ Grantee had no findings during last monitoring
- ❖ Grantee is considered moderate in administrative capacity

*Under the same PARTIAL monitoring category the Asset Manager can classify a project as a Self-Certification monitoring. The grantee completes a modified monitoring form pertaining to the use of the funding award. The self-certification monitoring form is then notarized by the grantee and sent back to the Asset Manager. The Housing Programs Manager must approve this type of monitoring in advance.*

**MINIMUM** (M - in monthly Oracle Report) - A MINIMUM monitoring can only apply to a continuing program such as the CHDO Operating, Needs Assessments, SFOO Rehab, Down payment, ESG or Section 8 Rental Assistance. This type of monitoring requires only the grantee technical assistance if needed and the contractual monthly/ quarterly reporting documents. If a grantee is deemed to be highly functioning, DOH may delay an on-site visit for up to 1 year. The Asset Manager, Developer and Housing Programs Manager will only approve this type of monitoring if the project contains the following:

- ❖ Grantee has not received any findings or concerns in the past two (2) years.
- ❖ Grantee is considered a high functioning project administrator.

#### **PROJECT CLOSE OUT**

HOME, ESG and HDG projects are completely closed out upon the final completion of the project. Reporting is required on the following areas:

- ❖ **Project Description:** Full project description summarizing the specific activities undertaken with funds.
- ❖ **National Objective Served:** List eligible national objective served by project.
- ❖ **Actual Accomplishments:** List all project accomplishments
- ❖ **Remaining Actions:** Remaining actions and the date of anticipated completion.
- ❖ **Audits:** Name and address of firm selected to do the audit(s) and the date when the audit(s) will be completed.
- ❖ **Total Actual Expenditures for the Activity:** All actual expenditures for each activity and expenditures from other funds are listed.
- ❖ **Project Applicants and Beneficiaries:** Beneficiaries of the project for all activities are listed.
- ❖ **Program Income:** Program income generated will be reported.

- ❖ **Actions to Affirmatively Further Fair Housing:** Fair housing efforts and complaints will be reported.
- ❖ **Section 3:** Section 3 reports.
- ❖ **Citizen Comments:** Include any comments by citizens.
- ❖ **Final Financial Report**

### **LONG TERM MONITORING (Only applicable to the HOME Program)**

DOH provides HOME Federal funding for the development of affordable rental units. These funds are funded in either a grant or a loan. A formula is used to determine the number of HOME-assisted units that DOH is subsidizing in proportion to the total cost of the rental development. The HOME-assisted units are designated in the unit mix along with the term of affordability of the Beneficiary and Rent Use Covenant, a document that is executed and recorded.

Under HUD regulations, DOH must monitor affordability compliance of the HOME units for the term stated in the Use Covenant by conducting an on-site visits every 1, 2 or 3 years, depending on the number of HOME-assisted units. For each year that an on-site monitoring visit is not conducted, a property rent roll and certification of verification of family income and immigration eligibility are required to be submitted to DOH. On-site long term monitoring visits include:

- ❖ Administrative review
- ❖ Family file review of each HOME-assisted unit, and
- ❖ Housing Quality Standards (HQS) inspection for a determined number of HOME units (5% or 3 whichever is less). A DOH staff member will meet with the property manager and/or the program manager to discuss the following items of compliance:
  - Identify which families are dwelling in the HOME-assisted units by identifying these on the rent roll and provide a copy to the Asset Manager.
  - Ensure eligible immigration status for each person 18 years or older dwelling in the unit. Per State immigration law C.R.S. 24-76.5-103, adults over 18 must sign an affidavit and provide a valid Colorado photo ID, a copy of which must be in the file. HOME units can only be occupied by persons of eligible immigration status (either a U.S. citizen or an otherwise lawful resident). To meet Federal Fair Housing practices, the agency must require all tenants to certify their immigration status. HOME-assisted units are floating units and may need to be re-assigned.
  - Verify that residents of HOME-designated units are income qualified both prior to lease up and at every annual re-certification, for all household members 18 years and older. Each file should provide 3rd party income verification (e.g., current social security award letter, verification of employment, child support, TANF or public benefit award, unemployment benefit, etc). The leasing manager must calculate and document income.
  - Provide Asset Manager a copy of the lease and relevant lease documents (addendums, lead-based paint disclosure, other policies, etc).
  - Provide a copy of the property's most recent income statement, balance sheet, and cash flow statement. DOH will examine amounts in the operating and replacement reserve accounts.
  - Create or implement marketing/ outreach strategies according to the Affirmative Fair Housing Marketing Plan.

- Perform a determined number of HQS inspections with Asset manager. HQS inspections consist of basic checks for health and safety such as locks on windows and doors, hot and cold running water, smoke detectors, sound electrical and plumbing systems, etc.

### **PROPOSAL FOR JOINT MONITORING**

The Division of Housing proposes to eliminate monitoring duplications that now exist with the HOME Program. A HOME Participating Jurisdiction (PJ) must monitor contractors to ensure compliance with federal regulations, but when HOME funds are combined with Low Income Housing Tax Credits, Federal Home Loan Bank grants, and other federal housing programs, contractors undergo annual monitoring by all of these agencies. In effect, multiple agencies monitor the same properties, units, and beneficiaries for the same federal regulations.

DOH will formally request that HUD allow joint monitoring of these projects to minimize the burden on contractors, to promote greater monitoring efficiency and to facilitate grantor partnerships that can both mentor and monitor joint projects.

### **RENT ROLL REQUEST**

DOH provides HOME Federal funding for the development of affordable rental units in the form of either a grant or a loan. A formula is used to determine the number of HOME-assisted units that DOH is subsidizing in proportion to the total cost of the rental development. The HOME-assisted units are designated in the unit mix along with the term of affordability of the Beneficiary and Rent Use Covenant, a document that is executed and recorded.

HUD regulations require DOH to monitor affordability compliance of the HOME units for the term stated in the Use Covenant by conducting on-site visits every 1, 2 or 3 years depending on the number of HOME-assisted units. Each year that an on-site monitoring visit is not conducted, the agency must submit a property rent roll and verification of family income and immigration eligibility. The off-year request consists of the following:

- ❖ Rent roll and occupancy report, with HOME-assisted units designation
- ❖ Verification of eligibility of HOME-assisted units

The Property Manager must submit the following documentation for each HOME-assisted unit:

- a. Photo ID and 214 Declaration for each person over 18 years
- b. 3<sup>rd</sup> party verification of income and assets at time of move in
- c. Copy of lease documents (addendums, disclosures, etc)-time of move-in
- d. TIC Form or 50058/59, if applicable

If certain items are found to be out of compliance during any type of monitoring, the Asset Manager documents the items in the monitoring letter. The agency has 30 days to correct the deficiencies. Once the all findings have been resolved, the Asset Manager notifies the agency in writing that they are in compliance.

### **Monitoring the Consolidated Plan**

DOLA monitors its progress in achieving goals and objectives of the Consolidated Plan through its Oracle database; the Integrated Disbursement Information System (IDIS); through periodic reports to the State Legislature; and in completing the Performance Evaluation Reporting System report for HUD. Compliance with program requirements including timeliness of expenditures are assessed programmatically on an ongoing basis and through accounting and internal audit functions of DOLA.

## Lead-Based Paint

### ***Lead-Based Paint Hazard Reduction***

DOLA/DOH recognizes the serious health risks for children from lead poisoning due to contact with untreated lead-based paint and dust in the State's housing stock. To help protect children from these health risks, DOH works closely with subgrantees, contract agencies, and the Colorado Department of Public Health and Environment (CDPHE) to assure that the State's housing programs and projects comply with current requirements of Title X of the Community Development Act of 1992.

As of September 10, 2001, all provisions of Title X became enforceable in Colorado. These provisions include the regulations found in HUD's Lead Safe Housing Rule (24 CFR part 35). The staff of DOH reviews each proposed housing development program or project to ensure ongoing compliance with all applicable sections of Title X. The review is based on the type of project, the type, amount, and duration of financial assistance, and the age of the property. In addition, DOH makes all applicable training and technical resources available to local housing providers and developers.

CDPHE has statutory responsibility for the ongoing implementation of the statewide comprehensive plan to reduce childhood lead poisoning. The Environmental Protection Agency has authorized the CDPHE to provide training, certification, and enforcement programs surrounding lead poisoning and lead-based paint in the State. CDPHE is also responsible for compiling information on the number and location of children found to have elevated lead blood levels (great than 10 micrograms/deciliter). During the period 1996–2002, approximately 2.5% of all children between the ages of 6 months and 6 years of age tested statewide had elevated blood lead levels. In one Denver neighborhood, over 16% of the children tested had elevated blood lead levels. CDPHE and Medicaid educate parents on the sources and hazards of lead poisoning to increase the number of children tested every year statewide. These efforts resulted in a 40% increase in the number of children tested for possible lead poisoning from 2001-2002 (most recent data available).

Northeast Denver Housing Center (NDHC) is the single Lead Hazard Control Grantee in Colorado. Through its Lead Hazard Control Grant, NDHC responds to reported incidences of elevated blood level in lower in children in lower-income households across the State. In addition, NDHC provides comprehensive lead hazard identification and reduction activities in specific neighborhoods in the City of Denver. Information obtained from the 2000 Census and the Center for Disease Control (CDC) report, "Surveillance for Elevated Blood Lead Levels Among Children – US, 1997-2001" (September 2003), indicates that there are over 21,000 housing units with a lead hazard risk. The EPA considers housing units built before 1950 and currently occupied by households living below the poverty level to be at risk.

DOH will implement the following activities during the period of 2010–2015 to ensure statewide compliance with applicable lead-based paint regulations.

#### **Activity 1: Enhance Existing Partnerships**

DOH will continue to assist public and private efforts to reduce lead-based paint hazards across the State. This includes ongoing involvement in the Colorado Lead Coalition interagency work group, which develops and implements strategies for statewide lead hazard reduction and education efforts. Besides the Division of Housing, this coalition includes the U.S. Environmental Protection Agency, Denver

Health, the U.S. Department of Housing and Urban Development, the Colorado Department of Health and Environment and other agencies.

**Activity 2: Provide Lead Hazard Information to Housing Providers, Local Officials and Assisted Households**

DOH provides all sub-grantees, contractors and local housing and service providers with the most current required publications for distribution to occupants of housing units assisted with Division funds. For example, DOH distributes the EPA Pamphlet, “Protect Your Family from Lead in Your Home” to local housing and service providers that, in turn, distribute this publication to all applicable households. DOH funded programs that receive lead hazard information include the Single-Family Owner-Occupied Rehabilitation Program, the Housing Choice Voucher Program, down payment assistance programs, and programs that support the acquisition and rehabilitation of rental properties.

**Activity 3: Enhance Existing Delivery System and Technical Capacity**

To comply with the regulations in the most effective and economical way, DOH increased its involvement in CDPHE’s lead-based paint education activities and sponsored additional lead-safe work practice trainings around the State. DOH will continue to provide technical assistance to sub-grantees, contractors, and local housing and service providers about Title X requirements through web-based training, on-site visits, project underwriting and the distribution of best practice methods.

**Estimate of units with Lead-based Paint**

As noted in the chart below, an estimated 661,282 housing units (+/-10%) in Colorado contain lead-based paint. Of these, approximately 65% or 431,736 (+/-10%) may contain lead based paint.

DOH intends to coordinate applications for funding under the Lead Hazard Reduction Program – Healthy Homes Initiative on behalf of the entire state.

Estimate of Housing Units with Lead-Based Paint – State of Colorado								
Built Date Range	Total Units Built	Renter Units			Owner Units			Total Low Income Units
		Total rental units	Extremely Low	Low	Total owner units	Extremely Low	Low	
Pre-1940	145,236	56,435	34,453	18,934	88,801	18,214	32,771	104,372
1940-1959	54,530	22,286	12,970	8,329	32,244	5,775	14,349	41,423
1960-1978	61,516	168,400	88,644	67,551	293,116	39,258	90,488	285,941
<b>Total</b>	<b>661,282</b>	<b>247,121</b>	<b>136,067</b>	<b>94,814</b>	<b>414,161</b>	<b>63,247</b>	<b>137,608</b>	<b>431,736</b>

# HOUSING

## Specific Housing Objectives

### 1. Describe priorities and specific objectives for the next year.

This list of 2011 housing priorities and specific objectives below involves commitment and expenditure of current year HOME, CDBG, ESG and HOPWA.

Project Type	Objective/Outcome Statement
HOME– construction, rehabilitation or acquisition of rental housing for very low-income, homeless or special needs persons	Objective: Decent Housing Outcome: Affordability Priority: High
HOME – Repair/rehabilitate very low-income, owner-occupied, single family housing	Objective: Decent Housing Outcome: Accessibility Priority: Low
HOME – Provide down payment assistance for first-time homebuyers	Objective: Decent Housing Outcome: Affordability Priority: Low
ESG – provide operating support and essential services for emergency shelters and transitional housing	Objective: Suitable Living Environment Outcome: Accessibility Priority: Medium
ESG – provide homeless prevention activities to families at risk of homelessness	Objective: Decent Housing Outcome: Affordability Priority: High
HOPWA – provide rental assistance, support services and other HOPWA-eligible assistance to persons with AIDS	Objective: Decent Housing Outcome: Availability/Accessibility Priority: High
CDBG – multifamily housing rehabilitation	Objective: Decent Housing Outcome: Accessibility Priority: High
CDBG –Single-family owner-occupied housing rehabilitation	Objective: Decent Housing Outcome: Accessibility Priority: High
CDBG – Single-family renter-occupied housing barrier removal (rehab) for persons with special needs	Objective: Decent Housing Outcome: Accessibility Priority: Medium
CDBG-NSP – Acquisition and Rehabilitation of Foreclosed Housing	Objective: Decent Housing Outcome: Accessibility Priority: High
HPRP – Prevent homelessness	Objective: Decent Housing Outcome: Affordability Priority: High
HPRP – Rapid Re-housing	Objective: Suitable Living Environment Outcome: Accessibility Priority: High

## **2. Describe how available Federal, State, and local public and private sector resources will address identified needs during this Action Plan year.**

Please refer to the table on page 6 for a list of federal, State and local resources that may be available to community development, housing and economic development projects. Agencies appearing on this list are **potential** partners, and may complement funding available through the HOME, ESG, CDBG, HOPWA (and, if available, the Housing Trust Fund [HTF]) for construction of new housing units, preservation of existing affordable housing stock, reduction of homelessness and provision of housing/services to persons with HIV/AIDS. DOLA maximizes its funding resources by encouraging, or, in some cases, requiring local participation in community, economic and housing development activities. This assists us in addressing identified needs. Neighborhood Stabilization Program (NSP) funds will assist the State and local governments in acquiring, rehabilitating and either renting or re-selling foreclosed homes to combat the foreclosure problem in Colorado.

### **USING SECTION 8 HOUSING CHOICE VOUCHERS WITH HOME AND/OR CDBG**

DOLA is the only department in the State that has both a Consolidated Plan and a Public Housing Administrative Plan. DOLA intends to draw on its HOME and/or CDBG resources to fill gaps on the development side of a project, while using project-based Section 8 Housing Choice Vouchers to create innovation on the revenue side of the same project. This approach will be the vanguard to other jurisdictional collaborations for greatest need populations in Colorado.

To further elaborate, DOH envisions a process that utilizes project-based Section 8, and incorporates supportive services that promote independence. The Colorado Division of Housing (DOH) reserves the right to allocate up to 20 percent of its Section 8 Housing Choice Vouchers for the potential use under the Section 8 Project Based Vouchers Assistance Program. The proposed units may be located throughout the statewide jurisdiction. This potential reallocation of the Section 8 Project Based Assistance is consistent with DOH's Agency Plan and goal of providing quality affordable housing to low income families and will increase housing choices for these families.

The HUD-VASH program for homeless veterans with severe psychiatric or substance abuse disorders is a national initiative sponsored by the U.S. Departments of Housing and Urban Development (HUD) and Veterans Affairs (VA). The VASH program serves homeless veterans residing in the State of Colorado. The goal of the Veterans Affairs Supportive Housing (VASH) program is to provide Section 8 rental assistance vouchers combined with case management services to enable homeless veterans to lead healthy, productive lives in the community and avoid remaining homeless.

The Family Unification Program (FUP) is designed to strengthen and stabilize child welfare families. It is a collaboration between Housing Authorities and Child Welfare Agencies. FUP is a housing program that will increase housing resources of child welfare families to prevent the separation of children from their parents because of inadequate housing as well as to ease the transition to adulthood for youth aging out of foster care. The goal of FUP is to facilitate and expedite access to housing and supportive services through agency collaboration



## Needs of Public Housing

- ❖ **Describe how the jurisdiction's plan helps address needs of public housing and encourage residents to become more involved in management.**

The State does not operate public housing and therefore does not plan resident initiatives.

- ❖ **The jurisdiction shall describe the manner in which it will provide financial or other assistance to improving the operations of "troubled" public housing agencies during the next year.**

There are six troubled housing authorities in the State: Alamosa, Burlington, Brush, Colorado Springs, Costilla and Lamar. Generally the HUD Troubled Agency Recovery Center determines which housing authorities are in need of assistance and will contact DOH. DOH will either request technical assistance from National Association of Housing and Redevelopment Officials (NAHRO) on behalf of those housing authorities, or will take steps to improve compliance. In the case of the Burlington Housing Authority, DOH has taken back the 14 vouchers allocated to the community and requested that Limon Housing Authority administer the vouchers of behalf of Kit Carson County residents.

- ❖ **Other Housing Issues: What is the availability of abandoned buildings suitable for conversion to housing?**

Colorado does not have a central database for all abandoned buildings in the State, but because of the impact of foreclosures the State will explore alternatives. Many communities inventory abandoned buildings to determine potential reuse and conversion. Changes in market conditions can provide the impetus to redevelop. For example, an historic building in the Town of Georgetown resulted in a renovation that yielded affordable housing for the community. For properties with obvious potential, redevelopment will likely proceed with little prompting. There may be an opportunity to acquire, rehabilitate and convert to housing abandoned and foreclosed buildings using Neighborhood Stabilization Program (NSP3) funds. The Division will actively pursue such opportunities through its NSP partner agencies.

## Barriers to Affordable Housing

The State's rapid development from the early 1990's to early 2000's made growth management issues a concern for State and local elected officials in Colorado. Many communities undertook a close examination of public policies that guide the creation of transportation systems, water supply, open space, and housing. Many also adopted policies that growth should "pay its own way," resulting in sometimes complex impact fee structures. These growth-control policies and fees remain in place and continue to work against development of affordable housing.

Growth control policies can serve either as management tools – controlling and directing appropriate development – or as regulatory barriers – to prevent additional development. This is most apparent in housing development, which is affected by every tool a community might use to control growth. Tools include annexation and zoning policies, both in terms of the amount of land available for residential development and its density; subdivision design and engineering standards; impact fees for infrastructure and other public facilities; building codes; limits on the number

of building permits allowed each year; and regulations to protect environmental and cultural resources.

The Division defines regulatory barriers as either deliberate or de facto actions that prohibit or discourage construction of affordable housing without reasons directly related to public health and safety; a federal, State, or local statute, ordinance, policy, custom, practice, or procedure that excessively increases the cost of new or rehabilitated housing, either by improperly restricting the location of housing, or by imposing unjustified restrictions on housing development with little or no demonstrated compensating assistance.

### **Local Regulatory Barriers**

DOH identified five categories of land use regulations frequently cited as barriers to affordable housing. These include: (1) infrastructure financing, (2) zoning and subdivision controls, (3) building codes, (4) permitting and procedural rules, and (5) environmental regulations. DOH provides technical workshops on land use planning and on affordable housing to show communities how local governments could modify regulations to reduce their impact on affordable housing. DOH also works with each developer to negotiate a reduction in local regulatory cost during our application review process.

**Financing Public Improvements:** An Impact Fee is a direct payment for expanding roads, parks, and utilities. Land dedications are often required for larger developments to reduce the expansion cost of schools or parks. Local governments may also require an exaction, which places conditions on approval of new development for on-site or off-site improvements.

**Zoning & Subdivision Controls:** Zoning regulations affect density, housing size, accessory dwelling units, etc. The primary purpose of zoning restrictions is to separate incompatible land uses. These regulations also maintain real estate values by enforcing controls on the location, size, and appearance of all residential and commercial buildings. However, zoning regulations can limit the use of the most affordable types of housing – multifamily and manufactured housing – by limiting the amount of land zoned for this purpose. Subdivision regulations affect site plan design and engineering standards for streets and utilities.

**Building Codes:** A third type of regulation likely to affect a community's affordable housing is the local building code. A building code serves the important public purpose of health and safety by governing the use and installation of materials and design and construction standards for the building. A local building code plays a vital role in protecting not only the occupants of the building but also its long-term value.

**Permitting and Procedural Rules:** Application fees & review schedules are part of every local approval, including annexation, zoning, site plan, subdivision, and building permits. Sometimes these have open-ended approval timelines, and fees can be charged at any point in the process. Delays in the approval process add uncertainty and risk to an already expensive investment.

**Environmental and Cultural Protection:** Developers often encounter the Clean Water Act, the Endangered Species Act, the National Environmental Policy Act, and the National Historic Preservation Act when developing or redeveloping affordable housing. Local governments are required to follow each of these federal mandates in their development procedures and policies. The unpredictability of these regulations may discourage private investors.

### **Local Land Use Policies**

DOH may contract with an outside firm to update the examination of land use barriers, including impact fees, tap fees, and planning and zoning fees, and issue a report that analyzes

### **Other Barriers**

#### **NIMBY (Not In My Back Yard):**

The problem of finding suitable sites for affordable housing or community development projects continues to be a problem in Colorado. Many neighborhoods are unwilling to have mixed income rental units, housing for persons with special needs or senior housing. This lack of understanding about, and fear of, affordable housing residents also hampers efforts to expand Colorado's affordable housing inventory.

DOLA staff works with local governments and housing providers to increase their capacity to design, locate and provide infrastructure, economic development and new affordable housing projects. The Department supplements technical assistance with statewide training including capacity building activities for local governments, technical assistance to nonprofit organizations and classes such as the *Developer's Toolkit*, *Advanced Financing*, and application workshops for housing.

its findings.

### **Effectiveness in Reducing Impact of Land Use Regulation**

DOH provides technical assistance to local governments that want to modify land use regulations in order to encourage affordable housing development. During our application review process, the Division makes it a priority to assess a local government's financial contribution compared to the impact its regulations and policies have on the total project cost.

### **Technical Assistance**

The primary way the Division will provide technical assistance is through its ongoing discussions with local governments during project funding. The Division will also provide workshops for local government officials about regulatory barriers as requested.

## **Energy-Efficient Design and Construction**

### **Overview**

The Department of Local Affairs places a high priority on energy efficiency and sustainable design in pursuing its goal of livable communities. At the same time, the State Housing Board has stated their objective to increase affordability and long-term sustainability of Colorado's affordable housing by using sustainable and energy-efficient design. Given these common goals, the Board approved a policy that supports energy efficient design in 2007, amending the policy in 2008 to require projects to substantially meet one of the energy-efficiency standards listed below.

In 2010, the Division of Housing (DOH) will encourage inclusion of energy-efficient design methods early in the project planning process and provide training opportunities to developers, project owners and project managers on the benefits of efficient design. DOH staff members present energy-efficiency information to the State Housing Board as part of each project summary.

### **Minimum Energy Code Requirement**

- ❖ For single family and low-rise (up to 3 stories) housing projects:  
Projects funded shall substantially meet Low-Water Landscaping (e.g. Denver Water Board Standards), and one of the following (listed in order of preference):
  - Enterprise Community Partners, Green Communities Criteria 2008 or later
  - U.S. Green Building Council, LEED for Homes, Silver or above
  - The most recently released International Energy Efficiency Codes (IECC)
  - U.S. Environmental Protection Agency, Energy Star 2011 for New Homes
  - U.S. Green Building Council, LEED for Homes, Certified
  - U.S. Environmental Protection Agency, Energy Star for New Homes
  
- ❖ For commercial and residential projects above 3 stories:  
Projects funded shall substantially meet Low-Water Landscaping (e.g. Denver Water Board Standards), and one of the following (listed in order of preference):
  - Enterprise Community Partners, Green Communities Criteria 2008 or later
  - U.S. Green Building Council, LEED for New Construction version 2.2 or later, Silver or above
  - The most recently released International Energy Efficiency Codes (IECC)
  - U.S. Green Building Council, LEED for New Construction version 2.2 or later, Certified

### **Enterprise Green Communities**

The Colorado Department of Local Affairs, Division of Housing, in coordination with the Colorado Housing and Finance Authority, and the City of Denver, has adopted the *Enterprise Green Communities* as the preferred sustainable design criteria for funded affordable housing projects. The *Enterprise Green Communities* criteria are a multifaceted approach to the design and construction that includes meeting the Energy Star construction requirements and a concentration on the long term performance of the building. In addition, the goal is for the individual household to receive the direct benefits of the increased energy efficiency and sustainability through lower utility bills and a healthier built environment.

Since October 2008, the DOH has assisted in the construction and/or renovation of over 1,600 (or 75% of all funded units) affordable housing units that meet or exceed the *Enterprise Green Communities* criteria. During the 2011 Program year, the Division of Housing will be taking steps to measure and confirm the actual performance of these more efficient buildings and the net impact on the ownership and the individual households.

### **Partner Programs**

DOH works closely with the Governor's Energy Office (GEO) and Energy Outreach Colorado (EOC) to assist project developers and property owners with access to technical assistance and funding for energy-efficiency improvements. In addition, the Division's single-family housing rehabilitation programs assist in improving the efficiency of the existing housing stock by using low-interest loans to homeowners.

### **2009 International Energy Conservation Code**

In 2010, the Department of Local Affairs, Division of Housing, through an Interagency Agreement with the Governor's Energy Office (GEO) began providing Energy Code adoption, training and compliance support to local jurisdictions in Colorado. This support is designed to increase the minimum energy code in the State to the 2009 International Energy Conservation Code in order to enhance the efficiency of newly constructed and renovated residential and commercial buildings in the State.

## Energy Star Building Performance Standards

In 2002, U.S. Department of Housing and Urban Development (HUD) and the U.S. Environmental Protection Agency (EPA) entered into a memorandum of understanding to promote the use of Energy Star Building Performance Standards in HUD's affordable housing programs. DOH encourages the use of the Colorado Energy Star Standards Program in affordable housing projects. More information concerning the Colorado Energy Star Program is available at <http://www.e-star.com/index.html>. DOH funding applicants indicate the number of proposed housing units that meet the Colorado Energy Star Standards Program criteria in their application submission documents.

As noted above, the DOH has produced a significant number of affordable housing units that meet the Energy Star Performance Standard through the *Enterprise Green Communities* criteria. However, few of these projects have been officially provided an Energy Star certificate and therefore DOH has not counted these units in IDIS as Energy Star units. DOH will continue to track the number of energy-efficient units (with or without the Energy Star certification) in future Program years.

## HOME Specific Program Description

### I. Fund Distribution

DOH anticipates an allocation of at least \$7,304,221 in HOME Investment Partnership funds for federal fiscal year 2011 with 10%, \$730,422, dedicated to Administration. The Division will distribute any funds received, whether less or more than this amount, using the methodology that follows.

Because the amount of HOME funds available is much smaller than the need, DOH will use a new, competitive application process. Funding applications for each project type will occur with the following frequencies:

Project Type	Frequency
Home Buyer Assistance Programs	1x/year
Rental Development Projects (new construction, acquisition, rehabilitation of existing structures), Special Needs Housing Projects (shelters, seniors, disabled, transitional), Subdivisions	Monthly
Operating funds for non-profits, housing studies	1x/year
Single-Family, Owner-Occupied Rehabilitation Programs	1x/year
Pre-development loans	Monthly

This project schedule was effective April 2010.

The Division may end or defer consideration of housing proposals when no funds are available to commit, or when proposals are incomplete or premature.

In addition to establishing a schedule for reviewing and approving applications, DOH has also created a set of minimum standards that an application must meet in order to move forward in the approval process. The table below describes the new minimum standards:

**Minimum Criteria Table**

<b>A. Demonstrate need for the project by means of:</b>
1. Third party market study, and
2. Local housing needs assessment and strategic plan, and
3. Local government supporting documentation that substantiates the need and expresses support for the proposal
4. All three are required except under special circumstances based on local conditions.
<b>B. Administrative Capacity: Adequate overall management capability for both for-profit and non-profit organizations as demonstrated by:</b>
1. Applicant has no unresolved financial audit findings.
2. Applicant has a compliance plan to ensure that federal and State regulations and reporting will be met, including but not limited to:
Evidence of experience with:
a) Davis Bacon Wages
b) Section 3 and MBE/WBE
c) Fair Housing
d) Uniform Relocation
e) Lead Based Paint and other environmental hazards
3. Property Management Experience
a) Property Management plan that ensures rent and affordability compliance
b) Tax Credit compliance (if applicable).
4. Applicant Monitoring Record
a) Monitoring finding resolution for on-site visits
b) Issues with quarterly compliance reports have been resolved
5. Applicant reporting and pay requests are timely and accurate
a) Applicant is current with all Division of Housing required reporting
b) Pay requests must be timely, accurate, and current before processing a new grant
6. Previous project experience not required, but DOH will request additional information
<b>C. Completed Application</b>
1. Public hearing completed
2. Documents signed
3. Required documents submitted
4. Complete project budget with sources and uses
<b>D. Project Readiness to Proceed;</b>
1. Third party capital needs assessment for rehabilitation projects (not required if applicant can demonstrate in house capacity and experience to perform needs assessment)
2. Confirmed local political support (letter)
3. Local financial support
4. Expected planning and zoning approval within 90 days of State Housing Board approval
5. Substantial amount of other funds committed. All other funds applied for or in the application process with the expectation of commitment within 90 days from the State Housing Board approval
6. Construction and/or acquisition start date
7. Construction cost estimate

8. Relocation and/or replacement housing required relocation plan and budget submitted.
<b>E. Project will comply with DOH Energy Performance Standard Policy (1/10)</b>
<b>F. Project will comply with Affordability Period Policy (1/10)</b>
<b>G. Project will comply with Consolidated Action Plan Annual Funding Priorities Policy (1/09)</b>

Applications for HOME should reflect local needs and be consistent with the State's Consolidated Plan. The Division has developed tools that analyze applications and guide potential applicants, the **Cost and Effectiveness Rating Instrument (CERI)** and the **Funding Gap Analysis Spreadsheet**. DOH staff members review applications to ensure that proposals meet the federal requirements for each program, including the HOME program.

DOH staff and the State Housing Board use Cost and Effectiveness Rating Instrument (CERI) and the Funding Gap Analysis Spreadsheet to evaluate the relative merits of funding applications. Four separate assessments determine the Division's Cost Effectiveness Rating. The sum of these assessments measures the cost and effectiveness of each development. The Division's development staff will use the following procedures on rental projects.

### **Division of Housing's Cost Effectiveness Rating**

DOH staff complete each of the scales below to determine the cost effectiveness rating for a project.

#### **Step One: Cost Per Person Housed**

By completing the development cost page of the Housing Development Analysis Spreadsheet, DOH uses the total development expense to calculate the cost per person housed. The total development expense is divided by the estimated number of people housed in the proposed development. The total number of people housed in the development is determined by multiplying the total number of bedrooms by 1.5 people for family and 1 for efficiencies and Single Room Occupancy (SRO). This number per bedroom is based on the California Affordable Housing Cost Task Force Policy Report, 1993. The cost per person is the result of this calculation. The following is an example:

The total number of bedrooms for this example is 180. Since this is a family rental, the number of bedrooms (180) is multiplied by 1.5 persons per bedroom. If this example included efficiencies, single-room occupancy units, or only seniors, the person per bedroom could be adjusted to one.

$$180 \text{ bedrooms} \times 1.5 \text{ persons per bedroom} = 270 \text{ persons}$$

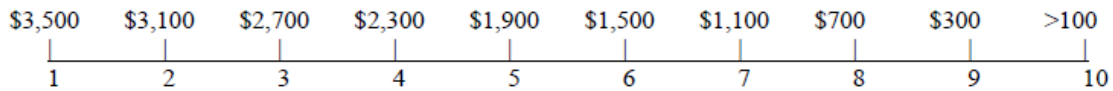
The total development expense for this project is \$4,870,000. This number is divided by the number of persons housed by the development.

$$\$4,870,000 / 270 = \$18,037$$

The answer, \$18,037 is the amount of development expense required to house one person. To accurately measure the total impact, the per-person cost is divided by the affordability period. In this example, the affordability period is 30 years.

$$\$18,037 / 30 = \$601 \text{ per year}$$

**Cost Per Person Housed = \$ / #**



How does this cost compare to other developments financed by the Division? The estimated average per unit cost of a two-bedroom apartment financed by the Division is \$70,000. To draw this comparison, DOH uses a scale that gives a range for the construction cost per person housed. This range is \$35,000 to \$11,667. These costs are divided by the minimum 10 years and the maximum 50 years for affordability to determine the following scale.

A numerical value of 8 would be given to this result. This value is marked by the X.

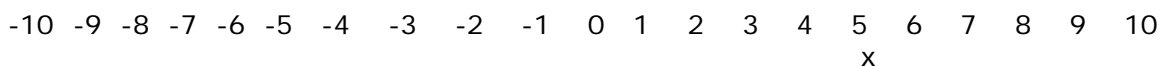
**Step Two: Externalities**

An assessment is made of a proposed housing development's effectiveness as a place to live. Ten factors are used to measure a housing development's social, environmental, and personal impact on individual residents or the community in general. The Division of Housing uses a list of ten externalities to make this determination.

*The Externalities Matrix*

<b>Externalities Matrix - Each external factor below should be scored positively or negatively based on the measure indicated.</b>	<b>+1</b>	<b>-1</b>
1. Project Impact/Need - The project meets an affordable housing need evidenced by market data.		
2. Public/Private Commitment - The project has local government or community financial support.		
3. Management Capability - The project developer has the capability of completing the project in a timely and satisfactory manner.		
4. Consistency With Local Land Use Plans - Utilities, infrastructure, transportation and public services are available to the project without undue hardship or excessive cost.		
5. Environmental Impact - The project will not have a detrimental impact on air quality, water quality, noise levels, view corridors or other locally determined areas of environmental concern.		
6. Social Impact - The project will not have a detrimental social impact on the community or the residents.		
7. Special Needs Population - Households residing in the project include persons with physical or mental disabilities or independent or assisted housing for seniors.		
8. High Growth Area - Counties with a greater than average growth in population or housing cost over the last two years.		
9. Preservation of Existing Affordable Housing - The project would acquire and/or rehabilitate existing affordable rental housing.		
10. Serving Persons With Extremely Low Incomes - The project would provide at least 5% of their rental units to persons with incomes below 30% AMI.		

Each factor receives either a +1 or a -1 in scoring each externality. The total score is then compared to the following range:





### Step Three: Rent Savings

The DOH Rent Savings Rating, return on investment, compares the amount of DOH investment in a project to household rent savings. The rent savings is the amount of household income saved by a family or individual who is paying a subsidized rent compared to a market rent. The difference between subsidized rents and market rents can vary widely in Colorado. Development staff will use the following procedures for rating the rent savings of each new construction/rehabilitation project.

DOH development staff will complete the attached Rent Savings matrix for each proposed rental project. The "Market Rents" section will list the market rents for the entire project by bedroom size. The sources for market rents include: The DOH Multifamily Vacancy & Rental Survey, the Denver Metro Apartment Vacancy & Rent Survey, current market area appraisals, and in the absence of any market data, other comparable rent sources. The "Proposed Rents" section will list the market and affordable rents developers are proposing to charge households. The difference between the total of Market and Proposed Rents will be listed as Annual Rent Savings for each household.

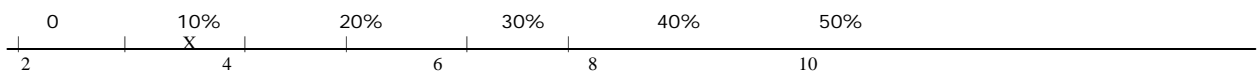
The DOH development staff will enter the requested DOH subsidy amount. This will be used to calculate the per unit subsidy amount for rent restricted units and the return on investment shown as a percentage of the savings per unit and the DOH subsidy per unit. The following examples show that the DOH return on investment is 20%.

### Rent Savings Worksheet

Market Rents				Proposed Rents			
	Rents	#-units	Total Rent		Rents	# units	Total Rent
OBR		0	0	OBR	0	0	0
1BR	543	14	7602				0
2BR			0				0
3BR			0	1BR	250	6	1500
4BR	0	0	0		350	6	2100
	<b>Total MKT rent</b>		<b>\$7,602</b>		400	2	800
				2BR	0	0	0
					0	0	0
					0	0	0
Monthly Rent Savings:		\$3,202		3BR	0	0	0
Annual Rent Savings:		\$38,424			0	0	0
Total Units		14					0
<b>Annual Savings/unit:</b>		<b>\$2,745</b>		4BR			0
DOH Subsidy:		195000					0
DOH Subsidy/unit		13928.5714					0
				<b>Total Proposed rent</b>			<b>\$4,400</b>
<b>*Sav per unit/DOH sub per unit:</b>			<b>20%</b>				

\*The Return On Investment (savings per unit/DOH subsidy per unit) in this example is calculated by dividing the Annual Rent savings per unit, \$2,745, by the DOH Subsidy per unit, \$13,928.

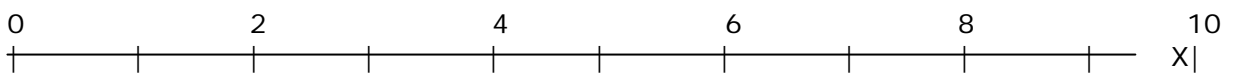
### Return On Investment from Rent Savings



**Step Four: Leveraging**

The Division uses its funding to fill a financing gap for affordable housing developments. By filling this gap with either a loan or grant, the Division forms partnerships with other financing sources to complete the funding needed for financial feasibility of a development. By sharing the risk with other funding partners, the Division “leverages” its resources with funding from private and public investors. The “leveraging ratio” shows the amount of funds from other sources the Division is able to match or secure by its investment. This leveraging ratio is measured on a ten-point scale. Each dollar leveraged equals one point, up to a maximum ratio of 10 to 1. For developments able to leverage more than \$10 for every \$1 from DOH, the scale is limited to a maximum score of 10. In the example, the Division invests \$200,000 and leverages an additional \$4.6 million. This scores 10 on our leveraging scale.

Amount Leverage



Rating



**Step Five:** Calculate the Cost Effectiveness Composite Score - the total of all four of the above factors.

**The Division of Housing’s Gaps Analysis Spreadsheet**

The second tool used by DOH staff is a **gaps analysis spreadsheet**, used to analyze project development cost, income and expense. This analysis determines how much debt a project can reasonably service, and the amount of gap funding required for the project to proceed. A variety of sources, including DOH-administered funding, fill that “gap.”

The combination of these two tools allows the State Housing Board (SHB) to target limited resources to the housing activities with the highest need in an individual community. The amount of subsidy required can also be determined. Development staff can provide community-housing developers with specific guidance regarding project development. This allows development staff to work in the planning stages, guiding and modifying projects before they go before the SHB.

Early in the process, DOH staff provides feedback to developers regarding the appropriateness of development concepts. This early intervention is needed because developers must incur predevelopment expenses, sometimes in excess of \$100,000, before a project can be brought before the SHB. DOH staff members discourage Developers from submitting requests that do not meet DOH priorities. While staff works with developers to modify projects to meet DOH standards, only projects that meet the priority target populations are cultivated.

The results of the staff review are forwarded to the Executive Director of the Department of Local Affairs, and brought to the Colorado State Housing Board, an advisory board. The consultation with the board is usually at a regularly scheduled monthly hearing, but also may be by telephone or mail. The Department Executive Director considers staff reviews and any advisory committee recommendations and makes the final funding decisions based on the project review factors.

In making funding decisions as well as proposed modifications to funded projects, the Department Executive Director may specify alternatives or changes as he or she deems necessary or appropriate, consistent with the project review factors. These may include, but are not necessarily limited to: providing more or less funding than requested, proposed, or recommended; adjusting project budget line items; providing funds for only selected activities within an overall project; making a single award to two or more separate applicants so that projects can be undertaken on a multi-jurisdictional basis; changing terms, uses, and conditions; and permitting projects to be amended to include additional, fewer, or different project activities.

**DIRECT ADMINISTRATION:** The Department of Local Affairs may choose to administer HOME funds directly if it determines that a specific project would benefit from such administration.

**GEOGRAPHIC FUND DISTRIBUTION:** The Department of Local Affairs intends to distribute HOME funds by considering both geographic and population needs. Funding decisions include consideration of prior housing projects funded within the area as well as quantified need level driven by population distribution, including the needs of special populations as identified in the State of Colorado's annually approved Consolidated Plan. Projects that occur in high growth areas, assist special populations and preserve existing affordable housing are considered high priority projects.

**PROGRAM INCOME:**

**HOME Program income includes, but is not limited to:**

- ❖ Proceeds from the sale or long-term lease of real property acquired, rehabilitated or constructed with HOME funds or matching contributions; rehabilitated, or constructed with HOME funds or matching contributions, minus the costs incidental to generating that income;
- ❖ Payments of principal and interest on loans made with HOME or matching funds, and proceeds from the sale of loans or obligations secured by loans made with HOME or matching contributions
- ❖ Interest or other return on investment of HOME and matching funds
- ❖ Interest on program income
- ❖ Any other interest or return on the investment of HOME and matching funds.
- ❖ Not all income is considered program income. Some examples of items that are not considered program income include:
  - Repaid loans guaranteed with HOME funds are not considered program income and are not subject to HOME requirements
  - Recaptured HOME funds are the repayment of original HOME investments, and are technically not program income.

## **II. Community Housing Development Organizations**

The State of Colorado will reserve fifteen percent of its allocation for community housing development organizations (CHDOs). The Division of Housing expects the amount available for CHDOs to be up to \$1,089,421.

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The Division of Housing accepts applications for CHDO Operating Grants once a year, on October 1st. The Division will award CHDO Operating Grant funds on an as-needed basis, taking into consideration five priorities:

1. Representation in underserved areas
2. Response to community housing needs as identified by Housing Needs Assessments

3. Local match provided
4. Established CHDOs that are continuing to add units to their portfolio
5. Demonstrated capacity to complete the project(s) as outlined in the Memorandum of Understanding.

### **CHDO Certification**

The Division must formally certify a local housing organization at the time of each application for operating grants and CHDO-eligible housing projects before awarding CHDO funds. Certification as a CHDO requires a local housing organization to confirm the CHDO certification requirements per 24 CFR Part 92.208 by submitting copies of the following:

- ❖ Proof that the organization is legally organized under State and local law
- ❖ The organization's charter
- ❖ The organization's articles of incorporation
- ❖ The organization's bylaws
- ❖ A description of the organization's geographic service area
- ❖ The organization's IRS tax-exempt ruling (either conditional or final)
- ❖ A list of the organization's board of directors, including whether they represent the low-income community or the public sector
- ❖ The organization's experience/activities within its geographic service area for at least the past year
- ❖ A description of the staff's experience with housing projects, or that of any consultants to be hired
- ❖ Certification of the organization's financial accountability standards, in conformance with 24 CFR 84.21, "Standards for Financial Management Systems"
- ❖ A business plan
- ❖ A Memorandum of Understanding (MOU) with DOH stating that the CHDO intends to use HOME CHDO set-aside funds to develop units of affordable housing within 24 months of the date of the agreement that specifies the expected uses for the funds

DOH will provide a certification letter to each CHDO to confirm the organization's CHDO status upon review and approval of the documents listed in this section.

Organizations send their CHDO Certification documents directly to the DOH Regional Housing Development Specialist one month prior to submitting an application for DOH funds. The Division of Housing Loan/Grant Application is used to request CHDO Operating and CHDO Set-Aside funds and must include all documents indicated on the "Checklist for Attachments A – H" and the "Checklist/Matrix for Supporting Documents" to be considered complete. This includes a CHDO Project Budget and a Staff Allocation Plan.

DOH anticipates that CHDOs will undertake acquisition, rehabilitation, and new construction activities, and that some CHDOs may want to apply for project-specific technical assistance loans.

### **III. Other Forms of Investment**

The Division of Housing does not provide any forms of investment to projects other than those described in 92.205(b) of the HOME regulations.

### **IV. Refinancing**

The Division of Housing may use HOME funds to refinance existing debt on an eligible single-family, owner-occupied property when it uses HOME funds to rehabilitate the

unit, if the refinancing will reduce overall housing costs for the owner and make the housing more affordable.

The Division may also use HOME funds to refinance existing debt on multifamily rehabilitation, or new construction projects if refinancing is necessary for continued long-term affordability and is consistent with State-established guidelines. To qualify, the proposed project must meet one of the following criteria:

- ❖ Rehabilitation is the primary eligible activity. This means that the amount of HOME funds for rehabilitation must equal or exceed the amount of HOME funds used to refinance existing debt on the property. The minimum ratio of rehabilitation costs to refinancing costs must be 1 to 1, or a minimum rehabilitation cost of \$5,000 per unit;
- ❖ A review of management practices should demonstrate that disinvestment in the property has not occurred, that the long-term needs of the project can be met, and that it is feasible to serve the targeted population over the proposed affordability period;
- ❖ The application must state whether the new investment is being made to maintain current affordable units, create additional affordable units, or both;
- ❖ The required period of affordability will be a minimum of 30 years;
- ❖ The State will accept applications for refinancing statewide; and,
- ❖ The State will not use HOME funds to refinance multifamily loans made or insured by any Federal program, including CDBG, unless additional affordable units will be income-restricted to low-income households or the affordability period is extended.

## **V. Costs Related To Payment of Loans**

If the HOME funds are not used to directly pay a cost specified in this section, but are used to pay off a construction loan, bridge financing loan, guaranteed or insured loan, the payment of principal and interest for such loan is an eligible cost only if:

- (1) The loan was used for eligible costs specified in this section, and
- (2) The HOME assistance is part of the original financing for the project, and the project meets the requirements of this part.

## **VI. Administration and Planning Costs**

The Department of Local Affairs, Division of Housing (DOH) may expend ten percent (10%) of the HOME allocation for its HOME administrative and planning costs. 10% of HOME of Program Income that is retained at the local level counts towards the regular HOME administrative cap.

## **VII. Homebuyers Program**

DOH will accept applications for homebuyer programs if they meet the guidelines for resale or recapture as required in 24 CFR 92.254. Homebuyer programs must meet the following federal requirements:

### **To Qualify as Affordable:**

- ❖ The initial purchase price must not exceed 95% of the median purchase price for the type of single-family housing (1 to 4-family residence, condominium unit, cooperative unit, combination manufactured home and lot, or manufactured home lot) for the area as determined by HUD; or, its estimated appraisal value at acquisition, if standard, or after any repair needed to meet property standards in §92.251, does not exceed 95% of the median purchase price for similar type of single-family housing.

- ❖ It must be the principal residence of the owner whose family income qualifies (equal to or less than 80% of area median family income) at the time of purchase;
- ❖ Is purchased within 36 months if a lease-purchase agreement is used in conjunction with a homebuyer program acquire the housing;
- ❖ It meets the federally required resale restrictions or the federally required minimum affordability periods. However, the State will seek to maximize the affordability period for homeowner and rental properties. To maximize affordability, we have established a threshold of thirty years, but will make every effort to extend this period to 40 years or more.

## **STATE GUIDELINES FOR HOMEBUYER PROGRAMS**

The State will ensure that any homebuyer program capitalized with HOME funds will meet the following requirements for the properties and prospective homeowners to participate in this activity.

**ELIGIBLE ACTIVITIES:** The Division of Housing may use HOME funds for acquisition or for the acquisition and rehab of homes for homebuyers whose incomes are equal to or less than 80% of area median income.

**ELIGIBLE PROPERTY-OWNER:** The prospective purchasing household must meet two key federally required criteria in order to be eligible.

The household's gross income must not exceed eighty percent (80%) of the area median income. The purchasing household must be low income at the time they initially occupy the property, or at the time the HOME funds are invested, whichever is later. Verification of income eligibility is good for a period of six months.

The purchasing household must occupy the property as its principal residence. The deed and the loan documents (Promissory Note) between the buyer and seller should incorporate this requirement, and that subleases require written approval by the State.

**ELIGIBLE PROPERTY TYPES:** Property eligible for use in a homebuyer program is not restricted to federal properties or to other publicly held properties. The property can be PRIVATELY or PUBLICLY held prior to sale to the homebuyer. The property can be an existing property or newly constructed. Any property that will serve as the purchaser's principal residence, including:

A single family property (one unit)

A two to four unit property

A condominium unit

A manufactured home and lot

A manufactured home lot

A cooperative unit.

**FORMS OF OWNERSHIP:** For purposes of the HOME program, homeownership means ownership in fee simple title, or a 99-year leasehold interest in a one to four unit dwelling or a condominium unit, or ownership or membership in a cooperative or mutual housing project if recognized by State law as homeownership. The ownership interest may be subject only to the following: Mortgages, deeds of trust or other debt

instruments approved by the State; any other encumbrances or restrictions that do not impair the marketability of the ownership interest, other than the HOME program restrictions on resale.

**PROPERTY STANDARDS:** Before property transfer, the house must be inspected for health and safety defects. The prospective purchaser must be notified of the work needed to cure defects and the time needed to complete the repairs.

**Acquisition Only** -- Property must meet local housing standards or codes at the time of initial occupancy. If no standards exist, the property must meet the Housing Quality Standards (HQS) of the Housing Choice Voucher Program.

**Acquisition and Rehabilitation** -- Where the property needs rehabilitation, it must be free from any defects that pose a danger to the health or safety of occupants before occupancy and not later than 6 months after property transfer. Within 2 years of property transfer to the homebuyer, the property must meet all applicable local codes, rehabilitation standards, ordinances and zoning ordinances at the time of project completion.

**New construction** -- Newly constructed housing must meet the current edition of the Model Energy Code published by the Council of American Building Officials. HOME-assisted construction must meet the accessibility standards of the Fair Housing Act and Section 504.

All rehabilitation and new construction projects assisted with HOME funds must meet local codes, rehabilitation standards, ordinances and zoning ordinances. In the absence of local requirements, projects must meet the following:

- ❖ One of three model codes--Uniform Building Code (ICBO); National Building Code (BOCA); Standard Building Code (SBCC)
- ❖ Council of American Building Officials One to Two Family Code (CABO);
- ❖ Minimum Property Standards (MPS) in 24 CFR 200.925 or 200.926.

**PROPERTY VALUE AT TIME OF PURCHASE:** The initial purchase price may not exceed 95% of the median purchase price for each housing type. The State will establish the area median value by In accordance with the guidance provided in HUD's January, 2009 HOMEfires Vol. 10 No. 1 (which supersedes HOMEfires Vol. 9, No. 3), participating jurisdictions are authorized to use either the Section 203(b) mortgage limits established as of February, 2008 or the actual 95 percent of median sales price limits for their areas, whichever is higher or establish the value through a community-wide market analysis.

HUD has issued a Value Limits spreadsheet containing the current limits for each county in the U.S. HUD will periodically update these limits. DOLA/DOH will use this spreadsheet to establish the area median value. A qualified appraiser or qualified staff of a HOME program administrator may establish the value of a property through an appraisal.

NOTE: This maximum value also applies to the after-rehab value of homes that receive funding for rehabilitation.

**INCOME QUALIFICATION AND AFFORDABILITY:** There are NO federal requirements that the homebuyer remain low income after purchase of the unit. There is no federal requirement that determines a minimum or maximum amount for the

monthly housing costs (PITI) or, that the homeowner's PITI remain affordable to the homebuyer. However, the State sets a maximum household income of 80% of the area median income to determine eligibility for home ownership programs.

**RESALE RESTRICTIONS OR RECAPTURE PROVISIONS:** A person who buys a home using HOME-funded down payment assistance may sell that home during the affordability period, but HOME regulations require either full or partial repayment of the HOME assistance. Consistent with those regulations, the State will accept either the resale restriction or the recapture provision for maintaining the affordability of housing in Homebuyer Program Policies submitted in applications requesting HOME funding. The restrictions and recapture provisions are the following:

**OPTION ONE – Recapture the HOME Investment and Create another Affordable Unit**

HOME funds subject to recapture include any development subsidy or direct assistance to the homebuyer that reduced the purchase price from fair market value to an affordable price, or any down payment or subordinate financing provided on behalf of the purchaser.

- ❖ The property may be sold during the affordability period with full or partial repayment of the HOME assistance. Recaptured funds must be used for more HOME-eligible activities.
- ❖ Reduction during affordability period - the amount recaptured may be reduced on a pro rata basis for the time the homeowner has owned and occupied the housing measured against the affordability period.
- ❖ Full Recapture, subject to net proceeds – the agency (or subgrantee) will recapture 100% of the funds if the client sells their home before the end of the affordability period, unless the client can demonstrate that the sale was an arms-length transaction and that net proceeds are not adequate to pay off 100% of the loan.
  - Net proceeds = Sales price – Senior debt repayment – Closing costs.
  - Any excess net proceeds, after repayment of the DPA loan to the agency, may be kept by the client, unless their loan is structured with an equity ratio instead of an amortizing interest rate (for Shared Equity Programs).

**OPTION TWO – Resale of the Existing Property to another Low-income Buyer**

The subsequent purchaser must be a low-income family (80% or less of area median income) that will use the property as its principal residence.

- ❖ The sale of the property to the new low-income family must be at a price that allows for "fair return on investment, including any improvements" to the seller (the former homebuyer). The former homebuyer's investment is defined as their down payment plus the value of any improvements they made to the house. "Fair return" is defined as the percentage change in the value of the home, based on the percentage change in median home prices and documented by appraisals from the former homebuyer's purchase and the subsequent (new) homebuyer's purchase.

AND ALSO,

- ❖ The property must be sold at a price that is affordable to a household at 75% to 80% of area median income that will pay not more than 30% of their income for principal and interest.
- ❖ Housing may be presumed to meet all of the resale requirements (i.e., fair return, affordable, and that the subsequent buyer is low income) during the



- ❖ period of affordability without enforcement mechanisms if this presumption is supported by a local market analysis.
- ❖ The market analysis of the neighborhood must indicate that the housing is and will continue to be available and affordable to a reasonable range of low-income families.

**AFFORDABILITY PERIOD RESTRICTIONS** on sale of the property are waived if the homeowner defaults on the first mortgage and foreclosure proceedings are initiated. However, affordability restrictions are revived if, during the original affordability period, the owner retains ownership of property.

The amount of development subsidy required to produce the unit in excess of the fair market value is not subject to recapture. If HOME funding is used only for the development subsidy in excess of the fair market value, Option Two, the resale option, must be used.

Regardless of whether recapture or resale occurs, the owner may sell the property at any price to any new homebuyer after the required affordability period ends. The affordability period is based on the amount subject to recapture, as follows:

- ❖ Under \$15,000 = 5 years
- ❖ \$15,000 - \$40,000 = 10 years
- ❖ Over \$40,000 = 15 years

**FORMS OF SUBSIDY:** Acceptable homeownership uses of HOME funds are down payment and closing cost assistance, interest subsidies, direct loans, or grants for acquisition, rehabilitation of existing units and/or construction of new units. The program may use one or more of the above forms of subsidy.

If the HOME funded subsidy is:

down payment and/or closing cost assistance, it must be in the form of a secured debt, such as a deferred loan to help enforce the principal residency and resale provisions;

an interest subsidy paid directly to the first mortgage lender in order to reduce the interest rate on the loan, there must be a provision that a proportionate refund will be provided to the State or its state recipient or sub-recipient if the private loan is prepaid before the loan maturity date.

**UNDERTAKING AND MAINTAINING HOMEOWNERSHIP:** Subgrantees will be required to provide or arrange for homebuyer counseling that will enable clients to understand and maintain homeownership.

## **VIII. Tenant-Based Rental Assistance Program (TBRA)**

The Department of Local Affairs, Division of Housing, may accept applications for operating a tenant-based rental assistance program from a public housing authority or any other entity with the capacity to operate a rental assistance program within their community or region. Home-eligible communities can apply for tenant-based rental assistance. DOH will offer tenant-based rental assistance for a maximum of two years to address special needs populations. TBRA will target those with incomes at or below 30% AMI. Each participating household will be required to access social services provided by their county of residence.

DOH considers TBRA an essential part of our approved housing strategy for 2010. The Division judges each TBRA application by its effectiveness in addressing a community's affordable housing needs, but also specifically weighs the TBRA method of assistance with less costly alternatives.

The Division of Housing will evaluate applications based on the following factors:

**1. Evaluation of the TBRA proposal:**

- ❖ Immediate need due to displacement caused by natural disaster, job loss, domestic violence, or other emergency family situations.
- ❖ Program responds to local market conditions. For example, in 2009-2010, the foreclosure crisis's impact on the housing market increased the rental vacancy rate, but rental units are still unaffordable for very-low income, special needs and homeless households without assistance.
- ❖ Contains a strategy for developing additional permanent rental housing supply.
- ❖ Requires a minimum financial contribution by the tenants.
- ❖ The projected rents are consistent with local market conditions.
- ❖ The ability to provide supportive services for households receiving TBRA

**2. Program design factors:**

Must specify the local market conditions that led to the choice of this option

May select families according to written tenant selection policies and criteria that are consistent with the purposes of providing housing to extremely low, low or moderate income families and are reasonably related to preference rules established under section 6(c)(4)(A) of the Housing Act of 1937

May select eligible families currently living in units designated for rehabilitation or acquisition with HOME funds without requiring that the family meet the written tenant selection policies and criteria. Families selected may use the tenant-based assistance in the rehabilitated or acquired unit or in other qualified housing. These families must use the tenant-based assistance within Colorado

May select eligible families currently residing in rental units that are designated for rehabilitation using HOME program funds without requiring that the family be placed on the Public Housing Authority's Housing Choice Voucher waiting list

Specify if the contract for assistance will be paid to the landlord or directly to the assisted family

Specify the term of assistance, which may not exceed 24 months, but may be renewed, subject to the availability of HOME funds and the required HOME match of twenty-five percent (25%) non-federal monies

May use HOME funds to provide loans or grants to eligible extremely low, low, or moderate-income families for security deposits as delineated in 24 CFR 92.210

Certify that in operating the program they will adhere to additional requirements as delineated in 24 CFR 92.211

Certify that the tenant will not pay more than thirty percent (30%) of his/her adjusted income for rent

Certify that the rent of the unit is reasonable as compared to rent charged for comparable unassisted units in the same area

Certify that housing occupied by a family receiving tenant-based assistance under the HOME program must meet Section 8 Housing Quality Standards

Certify that the amount of monthly assistance may not exceed the difference between 30% of the tenant's adjusted monthly income and the Section 8 Existing Fair Market Rent for the area, after adjustments for bedroom size.

No project-based subsidy

## **IX. Affirmative Marketing Procedures and Requirements**

The Department of Local Affairs, Division of Housing (DOH), will adopt the affirmative marketing procedures outlined below for HOME-assisted housing containing five or more housing units and will require all grantees to adopt affirmative marketing plans specific to local conditions. The procedures may include:

- ❖ Methods for informing the public, owners and potential tenants about Federal Fair Housing laws and the grantee's affirmative marketing policy. Suggested methods may include use of the Equal Housing Opportunity logotype or slogan in press releases and in solicitations for owners, distribution of the policy to media and interested public groups, and written communications to fair housing and other groups.
- ❖ Requirements and practices each owner will use to carry out the affirmative marketing policy. Grantees may require owners to advertise vacant units in newspapers of general circulation and minority media if available, to display the Equal Housing Opportunity logo or fair housing poster in rental offices, and/or to notify the PHA of vacant units.
- ❖ Procedures to be used by owners to inform and solicit applications from persons in the housing market area who are not likely to apply for the housing without special outreach. Individual owners may undertake special outreach efforts, or the grantee may do so on behalf of all owners. Special outreach may be accomplished through the following methods:
  - Newspaper announcements in general circulation newspapers and/or ethnic, neighborhood, community, or school newspapers;
  - Announcements in church or school bulletins, posters, or oral presentations to community organizations; and,
  - Posters publicizing the program placed in grocery stores, job center sites, community centers, churches, schools, or other places where potential tenants may visit.

Each unit of general local government that subgrants the administration of this program must adopt affirmative marketing procedures and requirements that meet the requirement in paragraphs (a) and (b) of 24 CFR 92.351.

The grantee must maintain a file that contains copies of all marketing efforts and the records necessary to assess the results of these actions. DOH staff will inspect this file to evaluate the marketing efforts. The file should contain copies of newspaper ads, memos of phone calls, copies of letters and any other pertinent information.

DOH will monitor, at least annually, the compliance efforts made by its grantees and owners. DOH staff will review and approve the affirmative marketing plans; compare predetermined occupancy goals to actual occupancy data that the owner will be required to maintain, and review outreach efforts on the part of the grantee and/or owners.

If the grantee and/or owner fail to follow the affirmative marketing requirements, corrective actions shall include extensive outreach efforts to appropriate contacts to achieve the occupancy goals or other actions DOH may deem necessary.

## **X. Minority and Women Business Outreach Program**

In accordance with Section 281 of the HOME Investment Partnership Act and 24 CFR 92.350, the Department of Local Affairs, Division of Housing (DOH), will prescribe procedures acceptable to HUD to establish and oversee a minority outreach program. The program shall include minority and women-owned businesses in all contracting activities entered into by the State to facilitate the provision of affordable housing authorized under this Act or any other Federal housing law applicable to the State.

DOH will encourage the use of women- and minority-owned businesses in bids for the various programs throughout the State under the Colorado HOME program through coordination with the Governor's Minority Business Office established in 1989. The outreach program, at a minimum, will:

- ❖ Develop a systematic method for identifying and maintaining an inventory of certified minority and women-owned business enterprises (MBEs and WBEs), their capabilities, services, supplies and/or products
- ❖ Use the local media, electronic and print, to market and promote contract and business opportunities for MBEs and WBEs
- ❖ Develop informational and documentary materials (fact sheets, program guides, procurement forecasts, etc.) on contract/subcontract opportunities for MBEs and WBEs
- ❖ Develop solicitation and procurement procedures that help MBEs and WBEs participate as vendors
- ❖ Sponsor business opportunity-related meetings, conferences, seminars, etc., with minority and women business organizations
- ❖ Require that all grantees and sub recipients must maintain data on the use and participation of minority and women business enterprises as contractor/subcontractors in HOME-assisted program contracting activities
- ❖ Owners must identify projects that were bid by minority- and women-owned entities, and the number of minorities or women hired because of activities that use HOME funds.

## **HOME MATCHING REQUIREMENTS**

The Division of Housing matches HOME funds with State loan funds spent on HOME eligible activities, local funding used in HOME projects, foundation funds used in HOME projects, and other HOME eligible match sources.

## Home Program Objectives, Outcomes and Indicators

### Create a Suitable Living Environment

DOLA Strategy	HUD Program Goal	HUD Objective	HUD Outcome Statement	DOLA Indicator
<b><i>Long-Term Objective: Meet the need for housing facilities for the homeless</i></b>				
SL-1(2) Fund shelter or transitional housing	Suitable Living Environment	Accessibility	Accessibility to a suitable living environment	# units assisted FY 2010 20 FY 2011 20 FY 2012 20 FY 2013 20 FY 2014 20
SL-1(3) Provide funding to create permanent supportive housing units for chronically homeless	Suitable Living Environment	Accessibility	Accessibility to a suitable living environment	# of units assisted FY 2010 15 FY 2011 15 FY 2012 15 FY 2013 15 FY 2014 15

### Create Decent Housing

DOLA Strategy	HUD Program Goal	HUD Objective	HUD Outcome Statement	DOLA Indicator
<b><i>Long-Term Objective: Preserve the existing supply of affordable rental housing</i></b>				
DH-1(6) Fund rehab only of existing affordable housing rental projects	Decent Housing	Availability	Availability of decent housing	# of households FY 2010 60 FY 2011 60 FY 2012 60 FY 2013 60 FY 2014 60
DH-2(2) Fund acquisition and rehab of rental units to create decent affordable housing	Decent Housing	Affordability	Affordability decent housing	# of units FY 2010 400 FY 2011 400 FY 2012 400 FY 2013 400 FY 2014 400
<b><i>Long-Term Objective: Increase the supply of affordable rental housing to meet community needs</i></b>				
DH-1(3) Fund tenant-based rental assistance for special populations, homeless or HIV/AIDS.	Decent Housing	Affordability	Affordability of decent housing	Number of units FY 2010 60 FY 2011 60 FY 2012 60 FY 2013 60 FY 2014 60
DH-2(1) Fund new construction of rental units to increase the affordability of decent housing	Decent Housing	Affordability	Affordability of decent housing	Number of units FY 2010 350 FY 2011 350 FY 2012 350 FY 2013 350 FY 2014 350
<b><i>Long-Term Objective: Increase home-ownership for low- and moderate-incomes</i></b>				
DH-2(3) Fund low- and moderate income home-ownership opportunities to increase affordability of decent housing	Decent Housing	Affordability	Affordability of decent housing	Number of units FY 2010 125 FY 2011 125 FY 2012 125 FY 2013 125 FY 2014 125

<b><i>Long-Term Objective: Preserve home-ownership for low- and moderate-income</i></b>				
DH-1(4) Fund single-family, owner-occupied housing rehab to preserve accessibility of decent housing for very low-, low- and moderate-incomes	Decent Housing	Availability	Availability for the purpose of providing decent housing	Number of households FY 2010 130 FY 2011 130 FY 2012 130 FY 2013 130 FY 2014 130
<b><i>Long-Term Objective Create an adequate supply of housing for persons with special needs coupled with services .</i></b>				
DH-1(1) Fund permanent supportive housing units for special populations, (excluding chronically homeless and HIV/AIDS)	Decent Housing	Availability	Availability for the purpose of providing decent housing	Number of units assisted FY 2010 75 FY 2011 75 FY 2012 75 FY 2013 75 FY 2014 75

## HOMELESS

### Specific Homelessness Prevention Elements

#### 1. Sources of funds that may be used in 2010-2011 to address and prevent homelessness:

<b>Funding Sources:</b>	
McKinney Vento Homeless Assistance (SHP)	\$17,467,215
State Tax Check-off for Homeless Prevention	\$ 139,000
Emergency Shelter Grant (ESG) 1 <sup>st</sup> Allocation	\$1,040,658
Emergency Solutions Grant (ESG) 2 <sup>nd</sup> Allocation	\$585,370
Community Development Block Grant (CDBG)	\$ 35,000
HOME Partnership (for transitional housing)	\$ 100,000
Homeless Prevention and Rapid Re-housing Program (HPRP)	\$ 8,154,036
TANF Supplemental	\$ 141,000
HOME Tenant Based Rental Assistance	\$525,000

#### 2. How will the action plan address the specific objectives of the Strategic Plan and, ultimately, the priority needs identified. Please also identify potential obstacles to completing these action steps.

DOLA will target funding to meet the greatest homeless needs in coordination with HUD's Homeless Strategies, Continuums of Care, local jurisdictions, communities and providers homeless services as follows:

- ❖ As a catalyst for creative collaborations, DOLA intends to use its HOME and/or CDBG resources to fill gaps on the housing development side of a project, while using project-based Section 8 Housing Choice Vouchers to create innovation on the revenue side.
- ❖ DOLA has established a Housing Choice Voucher preference for homeless individuals and families.

- ❖ DOLA will enact a “Property Managers’ Initiative” to work with Housing Authorities to reduce or eliminate administrative barriers most often encountered by people most at risk of homelessness.
- ❖ DOLA has established a Veterans Housing Initiative, including a Veteran’s Housing Authority to work on housing issues for those who served our county in the armed services. Through that initiative the Department applied for and received 50 VASH vouchers and intends to project base 25 of these.
- ❖ DOLA will continue to apply for Family Unification Vouchers and other vouchers that can serve as the housing platform to assist chronically homeless families, persons with mobility needs, youth and those with multiple barriers to housing stability.
- ❖ DOLA has created an initiative to ensure linkage with Medicaid, SAMHSA, TANF and other mainstream human service assistance.
- ❖ DOLA applied for and received a Department of Justice Second Chance Act for 60 offenders reentering Denver or Arapahoe Counties with co-occurring substance abuse and mental illness. The grant will fund two Assertive Community Treatment teams to provide wrap-around services and DOLA will provide housing through its tenant based rental assistance program. The initiative includes coordination with state and local agencies.
- ❖ DOLA will coordinate HEARTH ACT services with Continuums of Care and local jurisdictions to ensure that it funds projects and programs to meet the greatest homeless needs

Obstacles to completing these action steps include adequate funding and the need for cross-systems change.

**3. Describe the planned action steps that the jurisdiction will take over the next year aimed at eliminating chronic homelessness.**

**ACTION STEPS**

(1) Given that the Homeless Emergency Assistance and Rapid Transition to Housing (HEARTH) Act will be implemented *after* the submittal of this Action Plan, DOH will examine the Emergency Solutions Grant and other homeless programs to move them towards conforming with the purposes of the HEARTH Act.

DOH will coordinate its efforts with the three Colorado Continuums of Care (CoCs): Metropolitan Denver Homeless Initiative; Homeward Pikes Peak and the Balance of State.

(2) DOH will continue to provide financial assistance to projects that create permanent supportive housing for chronically homeless families and individuals in coordination with those Continuums of Care.

(3) DOH will assist the Continuums of Care by funding capacity-building activities where necessary.

(4) DOH will fund nonprofit organizations using HOME, ESG, HOPWA and CDBG funding to provide supportive services or appropriate housing for chronically families and homeless persons.

(5) DOH will cooperate with the U.S. Department of Justice, Bureau of Justice Assistance to fund a Community Reentry Program to provide tenant based rental assistance to 60 Colorado Department of Corrections offenders reentering Denver or Arapahoe Counties with co-occurring substance abuse and mental illness in order to prevent homelessness, increase public safety and reduce recidivism.

Obstacles to completing these action steps include the fact that HUD has not yet formally implemented and provided direction for HEARTH ACT, action steps require additional funding.

***Potential development of additional permanent supportive housing units:***

The State of Colorado received 50 VASH vouchers to assist homeless veterans. DOH plans to project-base 25 of these vouchers in the Denver metropolitan area.

The Fort Collins Housing Authority Community Dual Diagnosis Treatment Shelter + Care Program will provide at least four (4) units of permanent supportive housing.

Housing and Work Connection/Del Norte Neighborhood Development Corp.

Uptown Lofts, at Pearl and Colfax in Denver, will provide 16 units set aside for chronically homeless individuals.

The Homeward Pikes Peak Continuum of Care will provide two new scattered-site vouchers for chronically homeless families through the 2010 Supportive Housing Program.

**4. Homelessness Prevention—Describe planned action steps over the next year to address the individuals and families with children at imminent risk of becoming homeless.**

DOH will continue its activities to prevent homelessness, using funding from the Emergency Shelter/Emergency Solutions Grant (ESG), Community Development Block Grant (CDBG), Homeless Prevention and Rapid Re-housing (HPRP) programs; State TANF Supplemental dollars; and possibly discretionary Community Services Block Grant (CSBG) dollars. In response to the extremely high foreclosure rate in the State of Colorado, DOH implemented a “foreclosure prevention” program, utilizing private dollars. Many of those facing foreclosure are households that encountered predatory lending practices without a good understanding of the pitfalls of various loan products, without household budgeting skills, and unready for the responsibilities of homeownership. These households are at risk of homelessness.

**5. Discharge Coordination Policy—Explain planned activities to implement a cohesive, community-wide Discharge Coordination Policy, and how, in the coming year, the community will move toward such a policy.**



The Division of Housing participates in Colorado Community Interagency Council on Homelessness (CCICH), which has a Discharge Coordination subcommittee that coordinates, facilitates and promotes development and implementation of community-wide discharge planning policies. This subcommittee facilitates meetings with city, county and State corrections, public hospital, community mental health centers, and the foster care system; shares community organizing and advocacy strategies among regional CoC groups and individual homeless service providers and provides information on best practices with participating agencies. Recent recommendations to improve discharge coordination for populations reentering the community from the Colorado Department of Corrections include the following:

- 1) Encourage multi-agency and organizational collaboration to examine the capacity of existing housing resources, to identify the housing needs of the parolee population, and to formulate recommendations to address gaps in housing opportunities available to re-entering individuals.
- 2) Encourage public housing authorities (PHAs) to reassess their current policies restricting access of people with criminal records to public housing.
- 3) Work with Department of Corrections to adopt a protocol to assess housing stability of parolees and create a plan to officially track the number of individuals released with low housing stability and their parole revocation rate.
- 4) Improve benefit acquisition programs for inmates with disabilities to ensure they are receiving benefits when they are released from corrections.

## **Emergency Solutions Grants**

The Emergency Shelter/Emergency Solutions Grant (ESG) is part of the HEARTH Act, a reauthorization and revamping of the McKinney Homeless Act. The goal of the ESG Program is to assist the areas of greatest homeless need by incorporating strategies that provide supportive services through wrap-around case management, mental health and substance abuse treatment, health services, housing and other Mainstream assistance. DOH will create new cross-agency dialogue and forge catalytic solutions with other state and federal agencies, including Continuums of Care, Colorado Housing Finance Authority, Colorado Department of Corrections, Colorado Community and Interagency Council on Homelessness, the Veterans Administration, Health and Human Services, Education, homeless providers and other agencies.

This solutions approach will incorporate ESG and other HEARTH programs, Tax Credits, Community Development Block Grant, HOME, TANF and the Section 8 housing voucher program. Early in 2011, DOH will solicit and convene the State's Continuums of Care and local jurisdictions to decide how to respond to homelessness in a regional context. Data available through the Homeless Management Information Systems (HMIS) will inform all current and future discussions and participation in HMIS will be a requirement for ESG funding.

**NOTE: Since HUD has not yet determined the exact implementation of the HEARTH Act, we will use the existing Emergency Shelter Grant regulations and method of distribution pending HEARTH Act regulations.**

## **Emergency Shelter Grant**

### **Program Objectives**

To support the operating costs of emergency shelters

To assist in the prevention of homelessness

To assist in improving the quality and range of services necessary for a complete continuum of care that encourages self-sufficiency for the homeless.

To increase the availability of emergency and transitional housing programs

To include homeless families and individuals to the maximum practicable extent in maintaining, renovating, operating, and constructing homeless facilities.

### **Program Strategies**

The Division of Housing will employ four strategies in the 2011 Federal Fiscal Year in its distribution of \$1,040,658 in ESG funds in its first allocation and \$585,370 in its second allocation. DOH will give priority to recommendations of Colorado's Continuums of Care in serving the "greatest need.". The State will also consider its other resources of CDBG, HOME or Section 8 vouchers in lieu of or as a companion of ESG funding.

DOH will give priority to projects that are consistent with the following strategies:

Applicants must leverage resources, including local, State, federal and private funding and develop a comprehensive approach to the provision of emergency shelter and services for the homeless.

Applicants must document their ability make a significant contribution to the elimination of homelessness.

Applicants must provide strong, coordinated case management for service delivery to receive priority consideration for funding.

Applicants must provide suitable approaches to homeless prevention.

## **II. Emergency Shelter Grant Utilization**

DOH anticipates that it will receive an ESG allocation of \$1,040,658 for FY 2011.

## **III. Eligibility**

Units of local government or nonprofit organizations within the State of Colorado are eligible to apply for Emergency Shelter Grant funding. Local governments may apply for assistance on behalf of nonprofit organizations or may deliver services directly. The State may distribute Emergency Shelter Grant funds directly to private nonprofit organizations.

If a nonprofit agency applies directly to the State for ESG funds, federal regulations require that they submit a letter with their application certifying approval of the application by the relevant unit of local government. In determining the relevant unit of local government for this certification, the local agency needs to determine its primary service area. If the primary service area is a town or city, the agency should seek approval of the town or city government. Programs whose primary service area is county wide or covers multiple towns and unincorporated areas, should ask approval of county governments. As a condition of grant award, applicants and grantees must complete the appropriate Emergency Shelter Grants Program

Certifications, have proof of Internal Revenue Service (I.R.S.) 501(c) status, and submit current I.R.S. W-9 Federal tax identification forms.

**Local certifications include:**

Emergency Shelter Grant Program Assurances and Certifications;

Certification of Local Approval for Nonprofit organizations;

Certification of Exemption from requirements of the National Environmental Protection Act (See Environmental Review Section IX.), and;

Certification of Consistency with the appropriate approved Consolidated Plan.

**NOTE:** Please see Appendix D for the list of jurisdictions have Consolidated Plans:

**State Certifications include:**

Emergency Shelter Grant Assurances and Certifications Program;

Prohibition of the use of federal funds for lobbying certification;

Certification of consistency with the 2010-2015 Consolidated Plan.

**IV. Eligible Activities**

The activities listed below are eligible for Emergency Shelter Grant Program funding.

Payment for costs of operation and maintenance which include such items as insurance, utilities, operating staff, and furnishings;

Essential services;

Homeless prevention services;

Grant administration (for local governments or subdivisions thereof).

The ESG program places a 30% cap for essential services, a 30% cap on homeless prevention services, a 10% cap for staff operations and a 5% cap for administration. The Division of Housing will comply with these caps.

**V. Allocation and Selection Criteria**

**Describe the process for awarding grants to State recipients, and describe how the allocation will be made available to local government.**

Colorado collaborates with the Colorado Continuums of Care (COCs) and local jurisdictions to determine its application and award process for ESG based on the concept of "greatest need. "

The State and COCs will prioritize ESG funding and will in ESG non-entitlement jurisdictions (local governments) for ESG funding. The State intends Community Services Block Grant (CSBG) or Community Development Block Grant (CDBG) funding to qualified non-entitlement local governments in lieu of ESG funding. The State will utilize a NOFA process in 2011 with applications due back by April 1, 2011.

Applicants must prioritize the activities for which they are requesting funding and should develop programs that address supportive service needs and homelessness prevention. A grant review committee will judge how well proposed projects meet evaluation criteria and will score applications based upon the following criteria. The review will be primarily internal, based on agency performance in meeting standards.

AGENCY NAME _____				APPLICATION # _____				
SCORING CRITERIA FOR 2010 ESG GRANT PROGRAM APPLICATION								
Applicant is a qualified 501(c)(3) ?		Yes	No	if "No" Agency is DISQUALIFIED				
Application received on time?		Yes	No	if "No" Agency is DISQUALIFIED				
<b>1. Location of Agency</b>								
20 points	Located in (non-ESG Entitlement Area)			Located in ESG entitlement Area (Adams, Aurora, Denver or Colorado Springs)			SCORE	
			20 points	5 points				
<b>2. Length of Time Agency has received ESG from the State of Colorado?</b>								
15 points	More than 10 Years	Less than 10 years, but more than 5 years	Less than 5 years but more than 3	Less than 3 years but more than 2	Less than 2 years		SCORE	
		15 points	10 points	5 points	3 points	0 points		
<b>3. Applicant compliance or agency status with regard to Homeless Management Information Systems as reported by the Continuum of Care/DOH (or is exempt)?</b>								
15 points	Complete & accurate participation in HMIS for HUD programs (or not required)	Accurately enters HMIS info, but not yet fully implemented	Enters HMIS, but has issues related to completeness and accuracy	Existing nonprofit agency w/ equipment and staff, but needs training	New Agency Start-up, or Refuses Participation, or needs equipment and training		SCORE	
		15 points	10 points	5 points	1 points	0 points		
<b>4. Applicant correctly filled out application, including all required attachments, certificates, signatures, copies. No blank questions.</b>								
5 points (1 Point each)	Answered all questions	All required signatures	All forms / certificates submitted	Correct Number of Copies	Neatness		SCORE	
Check if applies		_____	_____	_____	_____			
<b>5. Applicant identifies and documents NEED for shelter and/or services</b>								
10 points	Applicant identifies an urgent NEED for shelter or services	Applicant presents a strong NEED for shelter or services	Some unmet NEED exists for shelter or services	No other provider exists in region	Low level of NEED exists for shelter or services,	Applicant does not prove the NEED	SCORE	
		10 points	8 points	6 points	4 points	2 points	0 points	
<b>6. Proposed Project Budget</b>								
10 Points	Well-documented. All items are eligible, necessary, & reasonable.	Budget documented; Most items are eligible, necessary & reasonable	At least one eligible and documented category	No eligible requests			SCORE	
		10 points	8 points	6 points	0 points			
<b>7. Match Requirement (Dollar for Dollar)</b>								
10 points		Agency meets 1 to 1 match	Agency doesn't meet match				SCORE	
		10 points	0 points					
<b>8. Ability to Meet Insurance Requirements</b>								
5 points	Agency currently meets or will meet all insurance requirement	Agency currently meets or will meet Parts 1, 2,3,5, & 6	Agency currently meets or has ability to meet some requirements	Agency meets few of the insurance requirements	Agency does not have financial resources to obtain insurance	Agency lacks insurance and/or is not insurable	SCORE	
		5 points	4 points	3 points	2 points	1 point	0 points	
<b>9. How are Agency Reports Submitted? (New agencies see substitute 9 &amp; 10 below.)</b>								
5 points	Always timely/accurate (T&A)	Overall T&A	Mostly T&A	Often late with errors	Neither T&A	No reports submitted	SCORE	
		5 points	4 points	3 points	2 points	1 point	0 points	
<b>10. Agency spent all dollars from previous year?</b>								
5 points	Yes	No, but Asset Mgr approved	No, didn't spend all \$				SCORE	
		5 points	3 points					

<b>SUBTOTAL EXISTING AGENCIES :</b>							
<b>NEW AGENCIES: SUBSTITUTE THIS QUESTION FOR Q 9 AND 10</b>							
<b>The following question will be substituted for Questions 9 and 10, for new applicants or those who did not receive FY10 grant funding. APPLICATIONS WILL BE SCORED ON MANAGEMENT CAPACITY AS RATED BY THEIR ASSIGNED HOUSING DEVELOPMENT SPECIALIST</b>							
<b>AGENCY MANAGEMENT CAPACITY AS RATE BY HOUSING DEVELOPMENT SPECIALIST</b>							
10 Points	Existing program with excellent staff capacity and track record	Existing program with good staff capacity	Existing program some staff capacity	Existing program, but lacks capacity	New program start-up	New nonprofit	
	10 points	7 points	5 points	3 points	1 point	0 points	SCORE
<b>SUBTOTAL POINTS NEW AGENCIES:</b>							

Program requirements will be the same for CDBG-funded homeless service projects and ESG-funded projects. The funding cycles will also be the same. All applicants must show at least a dollar-for-dollar, or 1:1 match for ESG funds requested.

## VI. Reallocation

Any local government or nonprofit organization that fails to enter into a contract within sixty days from the date of the award notice will subject their award to recapture and reallocation. Any local government or nonprofit organization that fails to request reimbursement for eligible activities within sixty days from the contract execution date will subject their funds to recapture and reallocation.

## VII. Monitoring and Reporting

Each local government or nonprofit agency receiving grant funds will submit to the State a quarterly report about accomplishments and expenditures. Quarterly reports will be due 20 calendar days after the end of each quarter. The State will perform risk-based grantee monitoring at least annually and provide required reports to HUD.

## VIII. Environmental Review

Colorado assumes federal responsibility for assessing environmental effects of the proposed Emergency Shelter Grant activities in accordance with 104(g), Housing and Community Development Act of 1974, [procedural provisions of the National Environmental Protection Act (NEA)], and regulations contained in 24 CFR Part 58. Unless the project involves rehabilitation, conversion, or major repairs, repairs with costs greater than \$500, project activities are exempt from NEA requirements.

## IX. Homeless Management Information System (HMIS)

Colorado will continue to coordinate HMIS training activities through the Colorado Coalition for the Homeless for both the Metropolitan Denver Homeless Initiative area and the Balance of State. Homeward Pikes Peak conducts HMIS training for El Paso County and Colorado Springs agencies. A statement of "Assurances and Certifications" must be signed by each subgrantee to secure the requirement for subgrantee participation in HMIS. HMIS Systems Operators for Colorado's CoCs will issue Compliant Agencies Lists that certify that each agency compliance with HMIS.

## X. Projected Emergency Solutions Grant Schedule

(Subject to Change)

March 1, 2011	ESG Notice of Funding Availability published
April 1, 2011	ESG application deadline
April 15, 2011	DOH/COC Review and scoring of applications
May 6, 2011	Award letters
May 20, 2011	Contracts sent to subgrantees
June 20, 2011	Contracts due back to DOH
July 1, 2011	Effective starting date of new program year funding
July 28, 2011	ESG Training

## Emergency Shelter Activities, Objectives and Outcomes

### Create a Suitable Living Environment

DOLA Strategy	HUD Program Goal	HUD Objective	HUD Outcome Statement	DOLA Indicator
<b><u>Long-Term Objective:</u></b> <b><i>Meet community needs for homeless shelters and transitional housing</i></b>				
SL-1(1) Fund operations and essential services for emergency shelter or transitional housing to ensure availability of a suitable living environment	Creating a Suitable Living Environment	Accessibility	Accessibility for the purpose of providing suitable living environment	#of homeless people assisted FY 2010 4000 FY 2011 4000 FY 2012 4000 FY 2013 4000 FY 2014 4000

### Create Decent Housing

DOLA Strategy	HUD Program Goal	HUD Objective	HUD Outcome Statement	DOLA Indicator
<b><u>Long-Term Objective:</u></b> <b><i>Prevent Homelessness</i></b>				
DH-2(4) Provide ESG funding through qualifying nonprofit organizations to prevent homelessness and ensure decent, affordable housing	Decent Housing	Affordability	Affordability for the purpose of providing decent housing	# of households assisted FY 2010 700 FY 2011 700 FY 2012 700 FY 2013 700 FY 2014 700

# COMMUNITY DEVELOPMENT

## Small Cities Community Development Block Grant

- 1. Identify jurisdiction's priority non-housing community development needs eligible for assistance by CDBG category shown in the Community Development Needs Table: public facilities, public improvements, public services and economic development.**

The State does not prioritize non-housing community development needs eligible for assistance. Rather, it funds projects based on local government priorities and who have applied for funding. Please refer to the State's CDBG review process for specific project evaluation criteria used for economic development and public facility projects.

- 2. Does the Plan include a Neighborhood Revitalization Strategy or Target Area where activities are carried out in a concentrated manner?**

The Department of Local Affairs has implemented a program called the Colorado Sustainable Main Streets Initiative. Limited financial resources at all levels of government create a challenge for many programs and services. Understanding the need to be more efficient and innovative in how the state works with communities in identifying needs and solutions, Governor John Hickenlooper has directed state agencies to continue bringing their staff resources and partners to bear in addressing specific projects in four pilot communities, three of which are eligible for state CDBG funds.

- Five Points Neighborhood in Denver
- Fowler
- Monte Vista
- Rifle

These communities all have engaged the state on downtown revitalization efforts and have completed or undertaken sustainability planning for their communities. Additionally, they represent a diverse set of circumstances so as to broaden the lessons learned and practices used. The pilot communities represent different regions of the state and include both urban and rural settings.

The pilot communities will form a team of local leaders from myriad stakeholder groups, including, for example, the municipality, private sector, nonprofits, colleges, school district, hospital, and others. The local team will meet to determine the outcomes the community would like to achieve for their downtown, and select a local champion who will serve as the local lead for the initiative.

These communities will serve as pilots to test this collaborative approach. Best practices will be developed and shared with communities statewide. These communities will share their lessons learned with state agencies and with other communities. All communities will benefit from this pilot program.

This initiative brings a collaborative, integrated process to leverage technical and existing financial resources to help communities enhance the sustainability of their downtowns. While there is not a dedicated funding source for this initiative, an emphasis will be placed on helping communities better position themselves for existing funds from a variety of sources. The initiative will work to break down

silos among state agencies, reduce barriers to state resources, and leverage technical and financial resources more efficiently.

There are seven key principles to creating and supporting sustainability within a community.

- Increase economic competitiveness - Invest in education and training for the global economy, attract and position employment centers near housing and transit, expand business access and promote rural economic development that preserves and enhances community identity
- Promote equitable, affordable housing - Identify, encourage and invest in quality, energy efficient, affordable housing near jobs, shopping, and public and recreation amenities
- Support existing communities - Strategically optimize goal driven infrastructure funding to maximize investment, support long term viability and revitalize communities
- Provide more transportation choices - Improve safe, reliable and affordable transportation choices to reduce traffic congestion and improve air quality; create transit-oriented neighborhoods with biking and walking opportunities
- Conserve, responsibly utilize and protect valuable natural resources - Focus investments which plan for and conserve a clean water supply, improve air quality, protect natural resources, and promote local and regional food systems, energy efficiency and renewable energy
- Value healthy communities and neighborhoods - Support unique and historic community characteristics by investing in quality schools, prosperous and sustainable downtowns, and healthy, safe, walkable neighborhoods
- Enhance integrated planning and investment - Align policies to remove barriers, maximize and leverage funding and increase accountability and effectiveness of government programs

This partnership progresses. The following agencies are actively involved.

- The Colorado Department of Local Affairs (DOLA) will act as the primary point of contact for the pilot communities and provide staff support for the actions that are part of the Initiative. Additionally, DOLA shall provide technical expertise relating to community development and downtown revitalization;
- The Office of Economic Development and International Trade will provide assistance relating to job growth, particularly for small businesses and heritage tourism opportunities;
- The Colorado Department of Transportation will provide technical assistance relating to the development of safe, reliable, and affordable transportation choices;
- The Governor's Energy Office will provide assistance relating to weatherization, energy conservation and efficiency, and clean energy opportunities;
- The Department of Labor and Employment will provide training opportunities for small businesses;
- The Department of Higher Education through History Colorado, the Colorado Historical Society, division of the State Historical Fund will provide assistance for sustainability and economic revitalization efforts;
- The Department of Natural Resources will provide assistance relating to potential innovative water conservation strategies;
- The Department of Public Health and Environment will provide assistance relating to aging water and wastewater treatment infrastructure opportunities and public health benefits;
- The Department of Health Care Policy and Financing will provide assistance relating to enrolling eligible but not enrolled individuals into Medicaid or Child Health Plan Plus and setting up patient and family centered medical homes;



- The Department of Agriculture will provide assistance relating to rural economic opportunity, particularly with respect to locally grown food; and
- The Governor's Climate Change Advisor will provide assistance relating to projects with green house gas reduction opportunities.

**3. Identify specific long-term and short-term community development objectives in accordance with statutory goals and CDBG objective to provide decent housing, suitable living environment and expand economic opportunities for low- and moderate-income persons.**

**Create a Suitable Living Environment**

DOLA Strategy	HUD Program Goal	HUD Objective	HUD Outcome Statement	DOLA Indicator
<b><i>Long-Term Objective: Help communities identify, prioritize and address their sustainability goals.</i></b>				
SL-3(1) Fund acquisition of property for use as public facility to help create or maintain a suitable living environment	Creating a Suitable Living Environment	Sustainability	Sustainability for the purpose of creating suitable living environments	# low/moderate income people w/ access to public facilities in their neighborhood 2010 400 2011 400 2012 400 2013 400 2014 400
SL-3(2) Provide funding for construction or reconstruction of public facilities that primarily benefit low/moderate income persons	Creating a Suitable Living Environment	Sustainability	Sustainability for the purpose of creating suitable living environments	# persons served as a result of public facility improvements 2010 7,500 2011 7,500 2012 7,500 2013 7,500 2014 7,500 # of public facilities constructed and improved 2010 5 2011 5 2012 5 2013 5 2014 5
SL-3(3) Provide funds for planning/capacity building related to infrastructure and capital improvements	Creating a Suitable Living Environment	Sustainability	Sustainability to create suitable living environments	# persons benefitting from the planning 2010 400 2011 400 2012 400 2013 400 2014 400
<b><i>Long-Term Objective: Meet community needs for shelter or transitional housing</i></b>				
SL-1(2) Provide funds to create/preserve emergency shelter to ensure accessibility to a suitable living environment	Creating a Suitable Living Environment	Accessibility	Accessibility to provide a suitable living environment	# homeless shelter beds assisted 2010 10 2011 10 2012 10 2013 10 2014 10
SL-1(1) Fund essential services and shelter operations with CDBG to increase/retain access to a suitable living environment	Creating a Suitable Living Environment	Accessibility	Accessibility for the purpose of providing suitable living environment	# homeless shelter beds assisted 2010 10 2011 10 2012 10 2013 10 2014 10

## Create Decent Housing

DOLA Strategy	HUD Program Goal	HUD Objective	HUD Outcome Statement	DOLA Indicator
<b><u>Long-Term Objective:</u> Preserve the existing supply of affordable rental housing</b>				
DH-1(6) Fund rehab only of existing affordable housing rental projects	Decent Housing	Availability	Availability for the purpose of providing decent housing	# of households assisted (For unit goals refer to HOME section)
<b><u>Long-Term Objective:</u> Increase the supply of affordable rental housing to meet community needs</b>				
DH-2(2) Provide funds for Acquisition and rehab of rental units to create decent affordable housing	Decent Housing	Affordability	Affordability to create decent housing	# of units assisted (For unit goals refer to HOME section)
<b><u>Long-Term Objective:</u> Increase homeowner-ship for low/mod-income households and minorities</b>				
DH-2(3) Fund Home-ownership for low-and moderate-income households to make decent housing affordable	Decent Housing	Affordability	Affordability for the purpose of providing decent housing	# of units assisted (For unit goals refer to HOME section)
<b><u>Long-Term Objective:</u> Preserve home-ownership for low- and moderate-income households</b>				
DH-1(4) Provide rehab funding for single-family, owner-occupied housing to preserve accessibility of decent housing for very low-, low- and moderate-income households	Decent Housing	Availability	Availability for the purpose of providing decent housing	# of households assisted (For unit goals refer to HOME section)
DH-2(4) Provide funds to prevent homeless and ensure decent affordable housing	Decent Housing	Affordability	Affordability for the purpose of providing decent housing	# of persons avoiding homelessness 2010 500 2011 500 2012 500 2013 500 2014 500
DH-3(1) Foreclosure not a Con Plan Activity				
DH-3(2) Fund housing needs assessments that help communities sustain housing balance	Decent Housing	Sustainability	Sustainability of decent housing	# of needs assessments 2010 2 2011 2 2012 2 2013 2 2014 2
<b><u>Long-Term Objective</u> Create an adequate supply of special needs housing with supportive services</b>				
DH-1(1) Provide funds for permanent supportive housing units for special need populations,	Decent Housing	Availability	Availability for the purpose of providing decent housing	# of units assisted (For unit goals refer to HOME section)

## Create Economic Opportunity

Strategy	HUD Program Goal	HUD Objective	Outcome Statement	Indicator
<b><i>Long-Term Objective: Provide financial and technical assistance to businesses to create or retain jobs</i></b>				
EO-3(1) Provide financial assistance to business loan funds that provide funds for technical assistance and economic development activities that focus on creating or sustaining jobs.	Expanded Economic Opportunity	Sustainability	Create livable communities by sustaining economic opportunity	# of jobs created or retained 2010 100 2011 100 2012 100 2013 100 2014 100
EO-3(2) Fund public infrastructure for businesses to create or retain jobs	Expanded Economic Opportunity	Sustainability	Create livable communities by sustaining economic opportunity	# of jobs created or retained 2010 100 2011 100 2012 100 2013 100 2014 100
EO-3(3) Provide funding for completion of planning or feasibility studies for businesses or industries that will create or retain jobs	Expanded Economic Opportunity	Sustainability	Create Livable communities by sustaining economic opportunity	# of jobs created or retained 2010 4 2011 4 2012 4 2013 4 2014 4

## CDBG Program Description

### I. Foreword

The State of Colorado, Department of Local Affairs, administers the "Small Cities" Community Development Block Grant (CDBG) program for non-entitlement jurisdictions of the State.

The Department's Division of Housing has "lead" responsibility for housing and homeless assistance projects funded through the program. The Department's Division of Local Government (DLG) is responsible for CDBG-assisted public facilities and community development projects, as well as overall coordination of the State's CDBG program. For economic development projects, DLG works in cooperation with the governor's Office of Economic Development and International Trade.

The mission of the CDBG program is to improve the economic, social and physical environment of eligible cities and counties in ways that enhance the quality of life for low- and moderate-income residents.

### II. Introduction

The Housing and Community Development Act of 1974 established the federal Community Development Block Grant (CDBG) program. The program purpose is to help communities meet their greatest community development and redevelopment needs, with particular emphasis on assisting persons of low and moderate income. The overall program consists of three major elements:

The **"entitlement" program.** The U.S. Department of Housing and Urban Development (HUD) directly administers CDBG to jurisdictions that meet certain thresholds. Entitlement communities are those cities within a metropolitan area that have a population of 50,000 or more, or are designated as a "central city," and counties that are within a metropolitan area

that have a combined population of 200,000 or more in their unincorporated areas and non-entitlement municipalities. There are 20 entitlement jurisdictions in Colorado, not eligible for State CDBG. Please refer to Appendix D for the list of entitlement jurisdictions.

The "**non-entitlement**," or "**Small Cities**," program. This portion of the overall program assists communities that do not qualify for the entitlement program. The State assumed responsibility for administration of this portion of the CDBG program starting in federal Fiscal Year 1983.

The **Neighborhood Stabilization Program (NSP)** is available to fund acquisition, rehabilitation and rent or resale of abandoned properties as part of the Housing and Economic Recovery Act of 2008. The State is preparing a plan for NSP3 which is available at <http://dola.colorado.gov/cdh/NSP.htm>

## **Local Government and Citizen Review and Comment**

The State's annual Performance and Evaluation Report provides a basis for review and comment on the performance of the State. Pursuant to the State open records law and the federal CDBG law, records on use of any prior year and future Small Cities CDBG funds by the State or a local government or recipient must be available for access by citizens and units of general local government. The State's records are available through the Department of Local Affairs, 1313 Sherman Street, Room 521, Denver, Colorado. The public may examine these records in the State's offices and obtain copies for a fee during regular working hours.

The State will provide to citizens and to units of general local government reasonable notice of, and an opportunity to comment on, any proposed substantial changes in these program guidelines or in the use of CDBG funds.

## **Compliance with Federal and State Requirements**

DOLA developed a CDBG Guidebook, orientation sessions and applicant workshops as tools to assist grantees in complying with the State award terms and Federal regulations. CDBG staff will also provide ongoing technical assistance and conduct on-site monitoring reviews to ensure federal and State compliance.

## **III. Goal and Objectives**

**Goal:** Colorado's goal in administering the CDBG program is to operate a program that is responsive, attentive and solutions-oriented by providing technical assistance and financial resources to local governments and communities throughout Colorado to achieve community development that is revitalizing and sustainable.

**Primary Objective:** The primary objective of the State's program is the development of viable urban communities, by providing decent housing, a suitable living environment and expanding economic opportunities, principally for persons of low and moderate income. Consistent with this primary objective, the State will use not less than seventy percent (70%) of federal Fiscal Years 2010, 2011, and 2012 funds and State program income for project activities that benefit persons of low and moderate income.

**Broad Objectives:** The federal Housing and Community Development Act of 1974 establishes three broad national objectives for the CDBG program:

- (1) Benefit persons of low and moderate income;
- (2) Prevent or eliminate slums or blight; and

(3) Address other urgent needs.

The State will achieve its primary objective through a program that gives maximum feasible priority to funding activities that benefit persons of low and moderate income, or aid in the prevention or elimination of slums or blight. The State may also provide funding for activities that grantees certify meet other community development needs that have arisen during the preceding 18-month period and have a particular urgency.

Additionally, the State and Congress intend that CDBG funds should supplement local financial support for community development activities, rather than reduce it below the level of such support prior to the availability of CDBG assistance.

### **Benefit to Persons of Low and Moderate Income**

Except as otherwise specified in federal law and regulations, the Department of Local Affairs (DOLA) will determine that a local project activity addresses the broad national objective of "benefit to persons of low and moderate income" if at least fifty-one percent (51%) of the beneficiaries of the CDBG-funded project activity are low- and moderate-income persons.

Low- and moderate-income persons are those who are members of households (families for economic development purposes) whose annual incomes do not exceed HUD-prescribed income limits, which are based on eighty percent (80%) of median family income. DOLA posts these HUD income limits on its website at: <http://www.dola.state.co.us/dlg/fa/cdbg/index.html>

Types of activities that benefit low- and moderate-income persons include:

- (1) Housing
- (2) Community Development
- (3) Economic Development

### **Prevention or Elimination of Slums or Blight**

Section X contains the requirements for a project activity to meet the broad national objective of "prevention or elimination of slums or blight." For determining whether a local project activity addresses this broad national objective, the definition of "slum" is the definition of "slum area" contained in 31-25-103 C.R.S., as amended, and, similarly, the definition of "blight" is the definition of "blighted area" contained in 31-25-103, C.R.S., as amended.

### **Address Other Urgent Needs**

Amount available for Urgent Need will be \$100,000.

To comply with the national objective of meeting community development needs having a particular urgency, DLG will consider an activity to address this objective if the applicant certifies that conditions exist which:

- ❖ pose a serious and immediate threat to the health or welfare of the community,
- ❖ are of recent origin or recently became urgent,
- ❖ the grantee is unable to finance on its own; and
- ❖ other sources of funds are not available.

A condition will be considered "of recent origin" if it developed or became critical within 18 months preceding the grantee's certification.

Urgent needs include, but are not limited to flood, fire, blizzard, tornado, earthquake, disease or other natural disasters; explosion, or contamination of water supplies.

#### **IV. Eligible Activities and Recipients**

**Eligible Activities:** All CDBG-funded projects must be an eligible activity according to Section 105(a) of Title 1 of the Housing and Community Development Act of 1974 as amended.

**Eligible Recipients:** Eligible cities and towns are those with populations of less than 50,000 or counties with populations of less than 200,000, provided the cities, towns or counties do not participate as members of HUD Urban County Consortiums. Please see Appendix D for a list of jurisdictions that are ineligible to receive State CDBG.

The State encourages arrangements between and among eligible entities to ensure adequate provision of common or related community development activities and services. Also, municipalities and counties may contract with other entities or parties (Councils of Governments, Regional Planning Districts, Special Districts, Local Development Corporations, Downtown Development Authorities, Urban Renewal Authorities, Housing Authorities, non-profit corporations, etc.) to carry out project activities as provided for under statutes (including 31-51-101 (1) (c), 30-11-101 (1) (d), 29-1-203 and 29- 1-204.5, C.R.S., as amended), ordinances and resolutions, and State and local financial management procedures.

#### **Multi-Jurisdictional Projects**

A "multi-jurisdictional" project is one in which two or more municipalities and/or counties carry out an activity or set of closely connected activities that address an identified common problem or need. Multi-jurisdictional projects must meet the following specific requirements:

Participating municipalities or counties must authorize one of the participating entities to act as a representative for all of the participants. The designated entity must assume overall responsibility for ensuring the entire project complies with all program requirements. A legally binding cooperation agreement between the designated entity and all other directly participating municipalities and counties must spell out the overall responsibility and any related individual responsibilities.

To meet the citizen participation requirements of Section 104(a)(2) of the Housing and Community Development Act of 1974 ("the Act"), as amended, all the requirements listed in paragraph 2 of "Grantee Responsibilities," p. 123, must be met, including the requirements that:

Each participating jurisdiction must hold a public hearing; and

Each participating jurisdiction must make the proposed and final project plan/application for the combination of project participants available in each of the participating jurisdictions.

To meet the citizen participation requirements of Section 104(a)(3) of the Act, each participating jurisdiction must have and follow a detailed citizen participation plan (or certify that it is complying with the State's plan which addresses the six areas of concern specified in paragraph 3 of "Grantee Responsibilities," p. 124).

To meet the requirements of Section 104(d) of the Act, each participating jurisdiction must have and follow a Residential Anti-displacement and Relocation Assistance Plan. (See paragraph 5 of "Grantee Responsibilities," p. 124)

To meet the requirements of Section 106(d)(5) of the Act, each participating jurisdiction must make and comply with the displacement, fair housing and other certifications described in paragraphs 6, 7, and 8 of "Grantee Responsibilities."

## **V. Method of Funds Distribution**

The State expects to receive an allocation of approximately \$8,702,773 in FFY 2011. Of this amount, about \$8,341,690 will be available for commitment to local projects, and about \$361,083 (3% of total, or \$261,083 + \$100,000 = \$361,083) will be available to the State for administration of the program.

The State plans to use its CDBG award, plus any funds de-obligated from local governments and previous annual grant remaining balances, for public facility, economic development and housing activities. Because funds are distributed through a competitive process, the State cannot predict the ultimate geographic distribution of CDBG resources.

DOLA will distribute CDBG resources through a competitive process to eligible non-entitlement local governments through the divisions who administer these programs. The Division of Housing administers housing programs, the Division of Local Government administers public facility and economic development programs in cooperation with the Governor's Office of Economic Development and International Trade.

No less than seventy percent (70%) of funds received by the State during the period of FFYs 2010, 2011, and 2012 will be used for project activities that benefit low- and moderate-income persons.

### **CDBG Program Income:**

"Program Income" means gross income received by a Grantee: the State, unit of general local government (UGLG) or a sub-recipient of a unit of local government (sub-grantee) that was generated from the use of CDBG funds, except that program income does not include the total amount of funds less than \$25,000 received in a single year that is retained by a unit of general local government and its sub-grantees. When such income is generated by an activity that is partially assisted with CDBG funds, the income shall be prorated to reflect the percentage of CDBG funds used. DOH definition of Program Income includes, but is not limited to the following:

- ❖ Payments of principal and interest on loans made using CDBG funds;
- ❖ Proceeds from the sale of loans made with CDBG funds;
- ❖ Proceeds from the sale of obligations secured by loans made with CDBG funds
- ❖ Interest earned on funds held in a revolving fund account; and
- ❖ Interest earned on program income pending disposition of such income;
- ❖ Program Income does not include: loan servicing fees received by a Grantee that result directly from a loan.

### **Administrative Caps for CDBG Program Income**

3% of CDBG RLF (Program Income) that is retained at the local level counts toward the 3% regular CDBG administrative cap.

### **CDBG Revolving fund (RLF)**

RLF means a separate fund (with a set of accounts that are independent of other program accounts) established for the purposes of carrying out specific activities which, in turn, generate payments to the fund for use in carrying out such activities.

### **Miscellaneous Income**

CDBG Program Income Converted to Miscellaneous Income: The Division of Housing has approved applications from nonprofit organizations under Section 105(a) (15) for designation as "nonprofit organizations serving the development needs of the communities in non-entitlement areas," and income generated by their activities is now Miscellaneous Income rather than Program Income. Therefore, the Program Income reporting threshold of \$25,000 received in a single year does not apply. These CDBG funds are used to establish and support housing organization loan funds throughout the State, funding housing rehabilitation and down payment assistance programs that will be fully controlled and administered by the nonprofit organizations.

### **Recapture**

DOH reserves the right to recapture Program Income, RLF or Miscellaneous Income from communities which fail to adequately meet the DOH Program Income (PI, RLF and Miscellaneous) statutory and regulatory requirements. DOH will evaluate the Grantee's ability to effectively administer a local RLF at the time of application approval and time of annual reporting. If it is determined that the local RLF is not being satisfactorily administered. DOH has maximum feasible deference in determining the definition of "continuing the same activity." Program Income, RLF or Miscellaneous Income returned to the State from the Grantee's and Sub-grantees will be used to make new housing activity grant awards. DOH may choose to request that program income be returned with the intent of redistributing it in a new open contract in order to maintain adequate program oversight by tracking administrative costs and beneficiary information through our established process.

### **Interim/Short-Term Financing Grant Program**

In order to maximize the use of these funds, which are available under letters of credit from HUD, the State may choose to use the funds to provide grants to eligible recipients for interim or short-term financing of eligible economic development, housing and public facilities activities that are consistent with the federal and State program goals and objectives. The State will use program income or other funds paid to the State under the Interim/Short-Term Financing Grant Program to meet its other grant commitments to recipients.

Because the availability of funds for subsequent use depends on the payment of these funds from the initial user, there is some risk to subsequent users. The State will minimize this risk through the use of irrevocable and unconditional letters of credit (to be required by recipients of borrowers, so that letter of credit proceeds will be available to the State through recipients) and/or other appropriate measures.

For proposals under Interim/Short-Term Financing Grants, the State will consider:

- ❖ Proposed direct benefit of the project activities to low- and moderate-income persons.
- ❖ The nature and extent of the effect of interim/short-term financing on project cost, feasibility and benefit, including the consequences of not providing a grant for the interim/short-term financing.



- ❖ The likelihood that program income or other funds will be available to the State in the amount and at the time proposed by the recipient so that the State will be able to meet its other grant commitments to recipients.
- ❖ If the interim/short-term assistance is to be provided to a private, for-profit entity to carry out an economic development project, the State will determine whether the assistance is "appropriate" (as required by federal statute, regulation and policy).

### **Regular Grant Program Funding**

Three divisions of the State utilize CDBG funds: the Division of Local Government, the Division of Housing, and the Office of Economic Development and International Trade. These divisions collaborate to create a seamless approach to funding community development needs. The State will set approximate funding for the three major categories of projects and activities for FFY2010 as follows:

	Program Income	FFY2011
Economic Development	\$0	\$2,780,563
Housing	\$0	\$2,780,563
Public Facilities/Community Development	<u>\$0</u>	<u>\$2,780,564</u>
	\$0	\$8,341,690

More or less than these amounts for each project category may actually be awarded, depending on the relative quality and quantity of proposals received and on State priorities.

The State will provide information upon request, for those communities interested in applying for guaranteed loan funds under subpart M, the Section 108 Loan guarantee program as well as give consideration to funding multi-year and/or multipurpose applications.

### **Maximum and Minimum Grant Amounts**

The Department of Local Affairs has set no absolute limits to the amount of funding an applicant may request. The Department suggests that \$600,000 be considered the maximum grant guideline for public facility or community development projects. There is no suggested maximum for housing projects. There is no maximum limit for economic development projects. Suggested guidelines vary based on the use of funds.

### **Review Process for Housing, Public Facilities, and Community Development Proposals**

(1) The Department of Local Affairs will consider public facilities and community development proposals during specified application periods or in conjunction with funding cycles established by the Department. DOLA will post application cycles on its web page and advise local government associations and regional organizations of application opportunities.

(2) The term "community development proposals" includes such projects as public improvements in downtown or other commercial areas, public and private non-profit tourist facilities and attractions, public and private non-profit business incubators, and rehabilitation of publicly and privately owned non-residential properties when such properties are integral parts of local government sanctioned and planned community redevelopment efforts, or when such properties are of key historic or commercial importance to a community or neighborhood.

(3) Because housing, public facility and economic development projects are administered by separate DOLA divisions, the application review and award process is different for all. However, all CDBG applications will initially be reviewed for the following:

Applicant Eligibility

Activity Eligibility

National Objective Eligibility

Consolidated Plan Funding Priorities

The project's benefit to low- and moderate-income persons or households

Division of Local Government Application Process:

Public facility applications are reviewed by CDBG staff and are evaluated on the following:

Demonstrated need

Implementation of the project and maintaining its operation

Number and economic status of individuals affected by the need

Level of Urgency

Project's readiness to go

Public and Private commitments and review of the local government's financial status

Management capacity (whether or not the local government has organizational/financial capacity and authority to address the need).

Rating criteria is used, and a consensus is reached on level of funding recommendation that will be made. The funding recommendation is forwarded to the Executive Director of the Department of Local Affairs. The Department Executive Director considers staff review recommendations and makes the final funding decision based on the project review factors.

In 2010, the Division of Local Government implemented a pilot competitive application process, in which multiple grant applications were reviewed, rated and ranked, and grants awarded to those applicants that most closely met the selection criteria established by the Division of Local Government. Review criteria were based both on programmatic requirements and on an applicant's ability to carry out the grant. DLG plans on continuing this application process in future years.

Review criteria include, but are not limited to the following:

- ❖ Project need
- ❖ Project sustainability (using the department's seven sustainability principles listed in the Consolidated Plan's Neighborhood Revitalization Strategy Sustainable Main Streets Initiative)
- ❖ Financial and administrative capacity of the applicant
- ❖ Geographic coverage
- ❖ Applicant's past performance as a grantee of the State

(4) The Department may end or defer consideration of public facilities/community development proposals when funds are exhausted or proposals are incomplete or premature.

Housing proposals will be considered during specific application periods by the Division of Housing (DOH). DOH may end or defer consideration of housing proposals when funds available have been exhausted and when proposals are incomplete or premature. Business development proposals involving the provision of financial assistance for private-for-profit and nonprofit businesses will be received and considered on a continuous basis by the governor's Office of Economic Development

and International trade. The Governor's Financial Review Committee reviews business development proposals and makes final funding decisions.

**The Division of Housing Applications.** Regional field and program staff review each application and reach a consensus on a recommended level of funding, although they do not assign points. Recommendations range from full funding, to high or low partial funding, to no funding.

The staff forwards the results of its review to the Executive Director of the Department of Local Affairs, who may consult with the State Housing Board or other advisory groups on the proposal. The consultation may be by telephone or mail, or may involve a meeting or hearing. The State Housing Board has set a competitive application cycle for each HUD activity type that will allow for the direct comparison of programs, developments and agencies to ensure funding of those projects with the best merits. The State Housing Board will allocate dollars by activity type.

DOH will use CDBG funds for homeless services in *non-entitlement* areas only, consistent with funding provided to the ESG program.

**The Governor's Office of Economic Development and International Trade (OEDIT)** will receive and consider business development proposals involving the provision of financial assistance for private-for-profit and nonprofit businesses. OEDIT staff will evaluate proposals using the same three major factors as noted above for housing. The Governor's Financial Review Committee reviews business development proposals and makes final funding decisions.

#### **Review Process for Business Development Proposals for Private Businesses**

The Colorado Governor's Office of Economic Development and International Trade (OEDIT) will accept and consider business development proposals that involve providing financial assistance to private for-profit and non-profit businesses (except for financing for "community development proposals," as previously described) on a continuous basis. Such proposals include those that would provide:

- ❖ funding through local or regional loan funds,
- ❖ infrastructure to benefit specific businesses and
- ❖ feasibility/planning studies to benefit specific businesses.

The OEDIT may end or defer consideration of business financing proposals when funds available for such projects are exhausted and when applications are incomplete or premature. Staff members will evaluate proposals using the same three major factors as noted above for housing, public facilities, and community development proposals. The Colorado Governor's Financial Review Committee will review the economic development proposals and make final funding decisions.

#### **Review Factors**

**For projects including supportive human services activities** (including job training and day care aspects of economic development projects):

- ❖ How are such activities critical to the accomplishment of overall objectives?
- ❖ Will CDBG funding supplant local, federal or state assistance available for activities?
- ❖ Is the requested CDBG assistance for such activities sufficient to complete the activities, or must the activities continue in order to achieve overall objectives?
- ❖ What percentage of total project costs will be spent on these activities?

**For economic development projects:**

- ❖ How many permanent jobs (both full-time and part-time) will the proposed project create and/or retain?
- ❖ Are the required factors used to determine that assistance to a private, for-profit entity "appropriate?"
- ❖ What types of permanent jobs will be created or retained?
- ❖ What effect will the proposed project have on the local tax base?
- ❖ Does the proposal give adequate consideration to the relationships between job training needs, resources available, and the proposed project?
- ❖ When the proposed project involves public improvements in the central business district, are the proposed improvements being undertaken in designated slums or blighted areas?
- ❖ When the proposed project involves industrial sites and/or facilities, is a prospect "in hand?"

**For economic development projects that involve grants or business loan funds or loan guarantees:**

- ❖ At what point will the full amount of the loan(s) be repaid, if applicable?
- ❖ Is the local selection process for grants, loans, and other forms of assistance open and equitable, and does it address the greatest needs to the extent feasible?

**For site acquisition and/or other development projects:**

- ❖ Does the site meet lender or other site selection standards?
- ❖ Are preliminary engineering/architectural designs or plans, specifications and cost estimates or studies completed? What is the completion date for final plans, specifications and cost estimates?
- ❖ Has the applicant completed the proper studies to demonstrate that there is a market for the proposed project and that it is financially feasible?

**c. Is the proposal consistent with local development strategies and coordination with other activities.**

For all projects:

- ❖ How long has the proposed project been a priority or identified in an approved plan?
- ❖ What is the priority for the proposed project relative to other CDBG and Impact requests?
- ❖ Is the proposed project compatible with existing local planning regulations, such as zoning ordinances and subdivision regulations?
- ❖ How is the proposed project part of and consistent with an overall local capital improvements and maintenance plan and budget?
- ❖ If the community is included in an adopted development strategy or comprehensive plan for a larger geographic area, is the proposed project compatible with such a strategy or plan?
- ❖ How long has the proposed project represented a documented need?
- ❖ To what extent does the proposed project complement, supplement or support other local, State or federal projects, programs or plans already in effect or to be implemented?
- ❖ Is there duplication of effort or overlap?
- ❖ To what extent does the proposed project further related local projects or plans?
- ❖ If the proposed project lends itself to a multi-jurisdictional approach, has the applicant adequately considered such a joint approach?
- ❖ When projects involve public improvements in the central business district, are downtown public improvements being undertaken in coordination with, or by a

representative local economic development organization?

**2. Public and Private Commitments.** This factor evaluates the extent of public and private commitment to the proposed project. Staff members will consider both the amount or value and the viability of those commitments. Communities are strongly encouraged to take primary responsibility for resolving their housing, economic development and public facilities problems. In specific projects, this may involve making financial commitments; adjusting development regulations, user rates and fees, and capital construction and maintenance programs; creating improvement districts; establishing development and redevelopment authorities; and generally sharing in or leveraging funds and management for development and redevelopment.

**a. Local Financial Commitments.**

For all projects:

- ❖ To the extent of their abilities, have the local government, project participants and beneficiaries engaged and/or committed to engage generally in taxing efforts to address their own continuing development and maintenance needs?
- ❖ To the extent of their abilities, have the local government and local project participants and beneficiaries appropriated/committed funds specifically for the proposed project and/or committed to alter fees to ensure the success of the specific project?
- ❖ When the proposed project involves business loan funds or loan guarantees, what is the ratio of private and/or local public investment to the amount of CDBG funds requested? How was this determined?
- ❖ When the proposed project involves public improvements in the central business district, has the private sector demonstrated a commitment to reinvest (e.g., through formation of an improvement district or through committing to business loans)?
- ❖ When a proposed development project requires interim and/or permanent financing, is the needed financing firmly committed? If not, is there a conditional or preliminary commitment, and what is the likelihood that a firm commitment will be made?

**b. Local Non-Financial Commitments**

For all projects:

- ❖ If necessary, has the community committed to alter local regulations to ensure the success of the project?
- ❖ Has the community made good faith efforts to involve residents, including low- and moderate-income persons and minorities, in assessing community needs and developing strategies to address its needs?
- ❖ Have the directly affected parties in the community demonstrated active support for the project?

**c. Other Commitments**

For all projects:

- ❖ Have any grant funds been sought for or committed to the proposed project?
- ❖ What are the sources, amounts and availabilities of these grant funds?

**3. Management Capability.** The purpose of considering this factor is to evaluate the ability of the local government submitting the proposal to administer the project as described.

## **a. Staff and Contractors**

### **For all projects:**

- ❖ Does the local government have adequate and experienced programmatic and fiscal staff and contractors, or has the applicant thoroughly considered the types of staff and contractor experience and qualifications necessary to carry out the project, including extensive statutory and regulatory requirements?
- ❖ How have the local government and its contractors performed in the past in carrying out development and redevelopment activities, and any type of activity with extensive statutory and regulatory requirements?
- ❖ To what extent will local government staff be directly involved in project management?
- ❖ What criteria and procedures will the local government use for selecting contractors?
- ❖ Have the roles and responsibilities of project participants been clearly established?

### **For economic development projects:**

- ❖ Has the local government established an advisory or decision-making committee knowledgeable in economic development matters, including small business support, industrial recruiting, business loan funds, etc.?
- ❖ Does the jurisdiction have business management experience sufficient to review pro forma, cash flow statements and business plans? If not, how will these tasks be accomplished?

## **b. Budget**

DOLA staff will compare administrative and other costs with those of other similar proposals.

### **For all projects:**

- ❖ Are the proposed administration and overall project budgets (including appropriate development and operating budgets in the case of development projects) adequate, reasonable and realistic given the project work plan?

## **c. Statutory and Regulatory Compliance**

- ❖ Does the proposed project involve or result in residential displacement? If so, has the applicant taken all reasonable steps to minimize displacement? Is there a plan to replace all low/moderate income housing demolished or converted, and to assist persons being relocated?
- ❖ Does the proposed project involve real property acquisition or relocation of any persons or businesses? Does it trigger Uniform Relocation Act requirements? Are cost and time requirement estimates reasonable?
- ❖ Are estimated labor wage costs reasonable? (Especially, has the applicant considered whether the proposed project is subject to Davis-Bacon prevailing wage requirements?)
- ❖ Is the proposed project in a floodplain or geological hazard area, or does it affect cultural or historic resources? Are there other environmental considerations? If so, what mitigation measures are proposed and what alternatives have been considered?

## **VI. Technical Assistance**

The State will continue a coordinated technical assistance program to assist communities with CDBG project management and project formulation and planning, particularly in coordination with State programs such as Impact grants, housing grants and loans, and economic development funds. The State will target special project

management technical assistance to communities that have never administered a CDBG grant, and to those that have experienced or are experiencing difficulty in administering a CDBG grant. Project formulation and planning assistance will be targeted to communities that need more long-term technical assistance to prepare for CDBG or other State funding in the future, and that have committed to undertake overall development and maintenance planning and budgeting efforts.

To provide consistent guidance to CDBG recipients, the Department of Local Affairs will have a CDBG staff specialist. State technical assistance may be in the form of personal contact with local government officials and staff, workshops, brokering assistance from private or local public sources, and documents and materials. Staff members have prepared a CDBG Guidebook that is available online at [www.dola.state.co.us/LGS/FA/cdbg.htm](http://www.dola.state.co.us/LGS/FA/cdbg.htm). The Guidebook contains information on Project Start-up, Financial Management, Reporting, Environmental Review, Civil Rights, Acquisition, Relocation, Labor and Construction, Project Close-Out, and Monitoring. All sections are available in PDF or Word format. DOLA also gives this Guidebook to grantees in hard copy at the time of award.

## **VII. Grantee Responsibilities**

Municipal and county governments are strongly encouraged to take primary responsibility for resolving housing and community development problems. In specific projects, this may involve adjusting development regulations, user rates and fees and capital construction and maintenance programs, creation of improvement districts, and generally sharing in or leveraging funds and management for development and redevelopment.

Local governments and project sponsors are also strongly encouraged to use advisory committees and assessment tools in evaluating needs and in formulating, implementing and modifying local development and redevelopment strategies. Use of such committees or tools can often lend continuity and objectivity to the planning and development process. Additionally, applicants must comply with the following specific requirements by addressing the preceding "Review Factors" and providing specific certifications and statements:

1. Develop a community development plan that gives maximum feasible priority to activities that will benefit persons of low and moderate income, or aid in the prevention or elimination of slums or blight. An applicant may also certify that specific activities are designed to meet other community development needs that have arisen during the preceding 12-month period and have a particular urgency because existing conditions pose a serious and immediate threat to the health or welfare of the community, and other financial resources are not available.
2. Provide opportunities for citizen participation, public hearings, and access to information in a timely manner with respect to its community development plan, specifically including:
  - ❖ Furnishing citizens information concerning the amount of funds available for proposed community development and housing activities and the range of activities that may be undertaken, including the estimated amount proposed to be used for activities that will benefit persons of low and moderate income and its plans for minimizing displacement of persons as a result of activities assisted with CDBG funds and to assist persons actually displaced as a result of such activities;
  - ❖ Publishing a proposed project plan/application in a manner that affords affected citizens an opportunity to examine its content and to submit comments on the

- proposed project plan/application and the community development performance of the applicant;
- ❖ Holding one or more public hearings to obtain the views of citizens on community development and housing needs;
  - ❖ Providing citizens with reasonable access to records regarding its past use of CDBG funds;
  - ❖ In preparing its project plan/application, considering any such comments and views and, if deemed appropriate, modifying the proposed project plan/application;
  - ❖ Making the final project plan/application available to the public;
  - ❖ In the event it is awarded CDBG funds by the State, the jurisdiction must provide citizens with reasonable notice of, and opportunity to comment on, any substantial change proposed to be made in the use of CDBG funds from one eligible activity to another by following the same procedures required in this paragraph for the preparation and submission of the final project plan/application.
3. Follow a detailed citizen participation plan which:
- ❖ Provides for and encourages citizen participation, particularly by persons of low and moderate income who are residents of slum and blight areas and areas in which CDBG funds are proposed to be used;
  - ❖ Provides citizens with reasonable and timely access to local meetings, information, and records relating to its proposed and actual use of CDBG funds;
  - ❖ Provides for technical assistance to groups representative of persons of low and moderate income that request such assistance in developing proposals with the level and type of assistance to be determined by the applicant;
  - ❖ Provides for public hearings to obtain citizen views and to respond to proposals and questions at all stages of the community development program, including at least the development of needs, the review of proposed activities, and review of program performance. These hearings shall be held after adequate notice at times and locations convenient to potential or actual beneficiaries, and with accommodation for the handicapped;
  - ❖ Provides for a timely written answer to written complaints and grievances, within 15 working days where practicable; and
  - ❖ Identifies how the needs of non-English speaking residents will be met in the case of public hearings where a significant number of non-English speaking residents can be reasonably expected to participate.
4. Prior to submitting a proposal for funds, identify and document community development and housing needs, including the needs of low- and moderate- income persons, and the activities to be undertaken to meet such needs.
5. Follow a residential anti-displacement and relocation assistance plan which shall in the event of such displacement, provide that:
- ❖ Governmental agencies or private developers shall provide comparable replacement dwellings for the same number of occupants as could have been housed in the habitable low- and moderate-income dwelling units that were demolished or converted to a use other than for housing for low- and moderate-income persons, and provide that such replacement housing may include existing housing assisted with project based assistance provided under Section 8 of the United State's Housing Act of 1937;
  - ❖ Such comparable replacement dwellings shall be designed to remain affordable to persons of low and moderate income for 10 years from the time of initial occupancy;
  - ❖ Relocation shall be provided for all low- or moderate-income persons who occupied housing demolished or converted to a use other than for low- or



moderate-income housing, including reimbursement for actual and reasonable moving expenses, security deposits, credit checks, and other moving-related expenses, including any interim living costs; and, in the case of displaced persons of low and moderate income, provide either:

- ❖ Compensation sufficient to ensure that, for a 5-year period, the displaced families shall not bear, after relocation, a ratio of shelter costs to income that exceeds 30 percent; or
- ❖ If elected by a family, a lump-sum payment equal to the capitalized value of the benefits available under sub-clause (I) to permit the household to secure participation in a housing cooperative or mutual housing association;
- ❖ Persons displaced shall be relocated into comparable replacement housing that is:
  - decent, safe, and sanitary
  - adequate in size to accommodate the occupants
  - functionally equivalent
  - in an area not subject to unreasonably adverse environmental conditions.

6. Will not plan or attempt to recover any capital costs of public improvements assisted in whole or in part with CDBG funds by assessing any amount against properties owned and occupied by persons of low and moderate income, including any fee charged or assessment made as a condition of obtaining access to such public improvements, unless (A) CDBG funds received are used to pay the proportion of such fee or assessment that relates to the capital costs of such public improvements that are financed from revenue sources other than CDBG; or (B) for the purposes of assessing any amount against properties owned and occupied by persons of low and moderate income who are not persons of very low income, the grantee certifies to the State that it lacks sufficient funds received from the State to comply with the requirements of (A).

7. Conduct and administer its program in conformity with the Civil Rights Act of 1964 and The Fair Housing Act.

8. Complete a self-evaluation of its current policies and practices to determine whether they meet the requirements of Section 504 of the Rehabilitation Act of 1973 as amended and the HUD implementing regulations at 24 CFR Part 8.

9. Comply with other provisions of Title I of the Act and other applicable federal and state laws and regulations. (A summary of many of the federal laws and regulations is contained in Section VIII.)

Finally, it should be noted that, to the greatest extent permitted by federal law and regulations, it is the State's intent that the local governments' monitoring and evaluation of projects be in accordance with program and financial oversight responsibilities to their citizens under State statutes and fiscal rules. Principal matters for monitoring and evaluation will be project progress, financial management, subcontracts, documentation, project benefit to low- and moderate- income persons, and compliance with federal and state laws and regulations. The State shall require quarterly financial and program performance reports, a completion performance report and other reports. An audit is required. Information requested will provide the State with a basis for evaluation of grantee performance. In addition, the reports will provide additional assurance of compliance with applicable federal and State laws and regulations.

## **VIII. Federal Laws and Regulations Applicable To the State-Administered Community Development Block Grant Program**

**National Environmental Policy Act of 1969** (42 USC 4321 et seq.), as amended, and the implementing regulations of HUD (24 CFR Part 58) and of the Council on Environmental Quality (40 CFR Parts 1500 - 1508) providing for establishment of national policy, goals, and procedures for protecting, restoring and enhancing environmental quality.

**National Historic Preservation Act of 1966** (16 USC 470 et seq.), as amended, requiring consideration of the effect of a project on any district, site, building, structure or object that is included in or eligible for inclusion in the National Register of Historic Places.

**Executive Order 11593, Protection and Enhancement of the Cultural Environment**, May 13, 1971 (36 FR 8921 et seq.) requiring that federally-funded projects contribute to the preservation and enhancement of sites, structures and objects of historical, architectural or archaeological significance.

**The Archaeological and Historical Data Preservation Act of 1974**, amending the Reservoir Salvage Act of 1960 (16 USC 469 et seq.), providing for the preservation of historic and archaeological data that would be lost due to federally-funded development and construction activities.

**Executive Order 11988, Floodplain Management, May 24, 1977** (42 FR 26951 et seq.) prohibits undertaking certain activities in flood plains unless it has been determined that there is no practical alternative, in which case notice of the action must be provided and the action must be designed or modified to minimize potential damage.

**Flood Disaster Protection Act of 1973** (42 USC 4001), placing restrictions on eligibility and acquisition and construction in areas identified as having special flood hazards.

**Executive Order 11990, Protection of Wetlands, May 24, 1977** (42 FR 26961 et seq.), requiring review of all actions proposed to be located in or appreciably affecting a wetland. Undertaking or assisting new construction located in wetlands must be avoided unless it is determined that there is no practical alternative to such construction and that the proposed action includes all practical measures to minimize potential damage.

**Safe Drinking Water Act of 1974** (42 USC 201, 300 et seq., 7401 et seq.), as amended, prohibiting the commitment of federal financial assistance for any project which the Environmental Protection Agency determines may contaminate an aquifer which is the sole or principal drinking water source for an area.

**The Endangered Species Act of 1973** (16 USC 1531 et seq.), as amended, requiring that actions authorized, funded, or carried out by the federal government do not jeopardize the continued existence of endangered and threatened species or result in the destruction or modification of the habitat of such species which is determined by the Department of the Interior, after consultation with the State, to be critical.

**The Wild and Scenic Rivers Act of 1968** (16 USC 1271 et seq.), as amended, prohibiting federal assistance in the construction of any water resources project that would have a direct and adverse affect on any river included in or designated for study or inclusion in the National Wild and Scenic Rivers System.

**The Clean Air Act of 1970** (42 USC 1857 et seq.), as amended, requiring that federal assistance will not be given and that license or permit will not be issued to any

activity not conforming to the State implementation plan for national primary and secondary ambient air quality standards.

**HUD Environmental Criteria and Standards** (24 CFR Part 51), providing national standards for noise abatement and control, acceptable separation distances from explosive or fire prone substances, and suitable land uses for airport runway clear zones.

**Section 104(d) of the Housing and Community Development Act of 1974**, as amended (42 USC 5301), known as the "Barney Frank Amendment," and the HUD implementing regulations requiring that local grantees follow a residential anti-displacement and relocation assistance plan that provides for the replacement of all low/moderate income dwelling units that are demolished or converted to another use as a direct result of the use of CDBG funds, and which provides for relocation assistance for all low/moderate income households so displaced.

**Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970**, as amended. -- Title III, Real Property Acquisition (Pub. L. 91-646 and HUD implementing regulations at 49 CFR Part 24), providing for uniform and equitable treatment of persons displaced from their homes, businesses, or farms by federal or federally-assisted programs and establishing uniform and equitable land acquisition policies for federal assisted programs. Requirements include bona fide land appraisals as a basis for land acquisition, specific procedures for selecting contract appraisers and contract negotiations, furnishing to owners of property to be acquired a written summary statement of the acquisition price offer based on the fair market price, and specified procedures connected with condemnation.

**Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970**, as amended, -- Title II, Uniform Relocation Assistance (Pub. L. 91-646 and HUD implementing regulations at 49 CFR Part 24), providing for fair and equitable treatment of all persons displaced as a result of any federal or federally-assisted program. Relocation payments and assistance, last-resort housing replacement by displacing agency, and grievance procedures are covered under the Act. Payments and assistance will be made pursuant to State or local law, or the grant recipient must adopt a written policy available to the public describing the relocation payments and assistance that will be provided. Moving expenses and up to \$22,500 for each qualified homeowner or up to \$5,250 for each tenant are required to be paid.

**Davis-Bacon Fair Labor Standards Act** (40 USC 276a - 276a-5) requiring that, on all contracts and subcontracts which exceed \$2,000 for federally-assisted construction, alteration or rehabilitation, laborers and mechanics employed by contractors or subcontractors shall be paid wages at rates not less than those prevailing on similar construction in the locality as determined by the Secretary of Labor. (This requirement applies to the rehabilitation of residential property only if such property is designed for use of eight or more families.)

Assistance shall not be used directly or indirectly to employ, award contracts to, or otherwise engage the services of, or fund any subcontractor or sub-recipient during any period of debarment, suspension, or placement in ineligibility status under the provisions of 24 CFR Part 24.

**Contract Work Hours and Safety Standards Act of 1962** (40 USC 327 et seq.) requiring that mechanics and laborers employed on federally-assisted contracts which exceed \$2,000 be paid wages of not less than one and one-half times their basic wage rates for all hours worked in excess of forty in a work week.

**Copeland "Anti-Kickback" Act of 1934** (40 USC 276 (c)) prohibiting and prescribing penalties for "kickbacks" of wages in federally-financed or assisted construction activities.

**The Lead-Based Paint Poisoning Prevention Act -- Title IV** (42 USC 4831) prohibiting the use of lead-based paint in residential structures constructed or rehabilitated with federal assistance, and requiring notification to purchasers and tenants of such housing of the hazards of lead-based paint and of the symptoms and treatment of lead-based paint poisoning.

**Section 3 of the Housing and Community Development Act of 1968** (12 USC 1701 (u)), as amended, providing that, to the greatest extent feasible, opportunities for training and employment that arise through HUD-financed projects, will be given to lower-income persons in the unit of the project area, and that contracts be awarded to businesses located in the project area or to businesses owned, in substantial part, by residents of the project area.

**Section 109 of the Housing and Community Development Act of 1974** (42 USC 5309), as amended, providing that no person shall be excluded from participation (including employment), denied program benefits or subjected to discrimination on the basis of race, color, national origin or sex under any program or activity funded in whole or in part under Title I (Community Development) of the Act.

**Title VI of the Civil Rights Act of 1964** (Pub. L. 88-352; 42 USC 2000 (d)) prohibiting discrimination on the basis of race, color, religion or religious affiliation, or national origin in any program or activity receiving federal financial assistance.

**The Fair Housing Act** (42 USC 3601-20), as amended, prohibiting housing discrimination on the basis of race, color, religion, sex, national origin, handicap and familial status.

**Executive Order 11246** (1965), as amended by Executive Orders 11375 and 12086, prohibiting discrimination on the basis of race, color, religion, sex or national origin in any phase of employment during the performance of federal or federally-assisted contracts in excess of \$2,000.

**Executive Order 11063** (1962), as amended by Executive Order 12259, requiring equal opportunity in housing by prohibiting discrimination on the basis of race, color, religion, sex or national origin in the sale or rental of housing built with federal assistance.

**Section 504 of the Rehabilitation Act of 1973** (29 USC 793), as amended, providing that no otherwise qualified individual shall, solely by reason of a handicap, be excluded from participation (including employment), denied program benefits or subjected to discrimination under any program or activity receiving federal funds.

**Age Discrimination Act of 1975**, (42 USC 6101), as amended, providing that no person shall be excluded from participation, denied program benefits or subjected to discrimination on the basis of age under any program or activity receiving federal funds.

**Armstrong/Walker "Excessive Force" Amendment**, (P.L. 101-144) & Section 906 of Cranston-Gonzalez Affordable Housing Act of 1990, requiring that a recipient of HUD funds certify that they have adopted or will adopt and enforce a policy prohibiting the use of excessive force by law enforcement agencies within their jurisdiction against individuals engaged in nonviolent civil rights demonstration; or fails to adopt and enforce a policy of enforcing applicable State and local laws against physically barring entrance to or exit from a facility or location which is the subject of such non-violent civil rights demonstration within its jurisdiction.

**Government-wide Restriction on Lobbying**, (P.L. 101-121), prohibits spending CDBG funds to influence or attempt to influence federal officials; requires the filing of a disclosure form when non-CDBG funds are used for such purposes; requires

certification of compliance by the State; and requires the State to include the certification language in grant awards it makes to units of general local government at all tiers and that all sub-recipients shall certify accordingly as imposed by Section 1352, Title 31, U.S. Code. Any person who fails to file the required certification shall be subject to civil penalty of not less than \$10,000 and not more than \$100,000 for each failure.

**Department of Housing and Urban Development Reform Act of 1989** (24 CFR Part 12) requiring applicants for assistance for a specific project or activity from HUD, to make a number of disclosures if the applicant meets a dollar threshold for the receipt of covered assistance during the fiscal year in which an application is submitted. An applicant must also make the disclosures if it is requesting assistance from HUD for a specific housing project that involves assistance from other governmental sources.

**Public Law 110-289, Housing and Economic Recovery Act of 2008 (HERA)**, pertaining to the Neighborhood Stabilization Program funding.

**Public Law 111-5, American Recovery and Reinvestment Act of 2009 (ARRA)**, as it pertains to the Neighborhood Stabilization Program (NSP1 and NSP3); Community Development Block Grant – Recovery Program (CDBG-R); and Homeless Prevention And Rapid Re-housing Program (HPRP).

## **X. Definitions - Slums and Blight**

### **State Statutory Definitions**

**Blight Area.** Blighted area, per CRS §31-25-103, means an area that, in its present condition and use and, by reason of the presence of at least four of the following factors, substantially impairs or arrests the sound growth of the municipality, retards the provision of housing accommodations, or constitutes an economic or social liability, and is a menace to the public health, safety, morals, or welfare:

- (a) Slum, deteriorated, or deteriorating structures;
- (b) Predominance of defective or inadequate street layout;
- (c) Faulty lot layout in relation to size, adequacy, accessibility, or usefulness;
- (d) Unsanitary or unsafe conditions;
- (e) Deterioration of site or other improvements;
- (f) Unusual topography or inadequate public improvements or utilities;
- (g) Defective or unusual conditions of title rendering the title nonmarketable;
- (h) The existence of conditions that endanger life or property by fire or other causes;
- (i) Buildings that are unsafe or unhealthy for persons to live or work in because of building code violations, dilapidation, deterioration, defective design, physical construction, or faulty or inadequate facilities;
- (j) Environmental contamination of buildings or property;
- (k) (Deleted by amendment, L. 2004, p. 1745, § 3, effective June 4, 2004.)
- (k.5) The existence of health, safety, or welfare factors requiring high levels of municipal services or substantial physical underutilization or vacancy of sites, buildings, or other improvements; or
- (l) If there is no objection by the property owner or owners and the tenant or tenants of such owner or owners, if any, to the inclusion of such property in an urban renewal area, "blighted area" also means an area that, in its present condition and use and, by reason of the presence of any one of the factors specified in paragraphs (a) to (k.5) of this subsection 2.2, substantially impairs or arrests the sound growth of the municipality, retards the provision of housing accommodations, or constitutes an economic or social liability, and is a menace to the public health, safety, morals, or welfare. For purposes of this paragraph (l), the fact that an owner of an interest in

such property does not object to the inclusion of such property in the urban renewal area does not mean that the owner has waived any rights of such owner in connection with laws governing condemnation.

**Blighted Structure.** A blighted structure has one or more of the following conditions: (1) Physical deterioration of buildings or improvements; (2) Abandonment; (3) Chronic high occupancy turnover rates or chronic high vacancy rates in commercial or industrial buildings; (4) Significant declines in property values or abnormally low property values relative to other areas in the community; or (5) Known or suspected environmental contamination; (6) The public improvements throughout the area are in a general state of deterioration. The State also accepts local determinations.

**Slum Area.** Slum area, per CRS §31-25-103, means an area in which there is a predominance of buildings or improvements, whether residential or nonresidential, and which, by reason of dilapidation, deterioration, age or obsolescence, inadequate provision for ventilation, light, air, sanitation, or open spaces, high density of population and overcrowding or the existence of conditions which endanger life or property by fire or other causes, or any combination of such factors, is conducive to ill health, transmission of disease, infant mortality, juvenile delinquency, or crime and is detrimental to the public health, safety, morals, or welfare.

### **Federal Regulatory Definitions and Clarifications**

Activities meeting the following criteria, in the absence of substantial evidence to the contrary, will be considered to aid in the prevention or elimination of slums or blight:

1. Activities to address slums or blight on an area basis. An activity will be considered to address prevention or elimination of slums or blight in an area if:

The area, delineated by the grantee, meets a definition of a slum, blighted, deteriorated or deteriorating area under State or local law;

Throughout the area there is a substantial number of deteriorated or deteriorating buildings or the public improvements are in a general state of deterioration;

Documentation is maintained by the grantee on the boundaries of the area and the condition which qualified the area at the time of its designation; and

The assisted activity addresses one or more of the conditions that contributed to the deterioration of the area.

Rehabilitation of residential buildings carried out in an area meeting the above requirements will be considered to address the area's deterioration only where each such building rehabilitated is considered substandard under local definition before rehabilitation, and all deficiencies making a building substandard have been eliminated if less critical work on the building is undertaken. At a minimum, the local definition for this purpose must be such that buildings that it would render substandard would also fail to meet the housing quality standards for the Section 8 Housing Assistance Payments Program-Existing Housing (24 CFR 882.109).

2. Activities to address slums or blight on a spot basis. Acquisition, clearance, relocation, historic preservation and building rehabilitation activities that eliminate specific conditions of blight or physical decay on a spot basis not located in a slum or blighted area will meet this objective. Under this criterion, rehabilitation is limited to the extent necessary to eliminate specific conditions detrimental to public health and safety.

## **XI. Eligible Activities**

Eligible activities and services under the Community Development Block Grant (CDBG) Program are those which are:

consistent with the stated program goal and objectives; and

included as eligible activities under Section 105 of Title I of the Housing and Community Development Act of 1974 (the "Act"), as amended, and are otherwise eligible under other sections of Title I and under detailed federal regulations,

included as eligible activities under the Housing and Economic Recovery Act of 2008 (HERA), Title III,

included as eligible activities under the American Recovery and Reinvestment Act of 2009 (ARRA), Title III.

## Antipoverty Strategy

- **Describe the actions that will take place during the next year to reduce the number of poverty level families.**

According to the 2008 American Community Survey, 11.2% of all Colorado families had incomes below the poverty level. The poverty rate is defined as a family of four earning less than \$22,050 a year. For the U.S., 13.2% of all families had incomes below the poverty level. For an individual, the poverty line is set at \$10,830. The percent of persons living in poverty in Colorado escalated over the past decade. In 2000, the poverty rate was 9.2%

### Employment

For any household, family or individual, the fundamental "antipoverty strategy" is a good job. Thus, the key element for lifting people out of poverty is jobs – creating and retaining job, helping people acquire the right skills to fill those job, and connecting the unemployed to jobs.

The Office of Economic Development and International Trade (OEDIT) focuses its use of CDBG funding on job creation. By helping provide businesses and local governments with the funding and infrastructure they need to grow and maintain a healthy business environment, OEDIT enables businesses to create and retain jobs, most (at least 51%) of which must be filled by people with low to moderate incomes.

HUD's formula grants to DOLA also contribute to creating and retaining jobs in Colorado, although that is not their primary purpose. DOLA has recently begun analyzing the number of jobs created by its use of funds. This analysis indicates that DOLA investments of HUD funds for community development and housing created 1,666 jobs during 2010 alone.

The Temporary Assistance to Needy Families (TANF) Program is an essential tool Colorado uses to help people become employed. Each Colorado county designs how it will administer TANF funds to help reduce poverty. The TANF system is highly dependent on TANF families receiving job training, housing, childcare, transportation, family health care, educational support and continuous employment. Providing training and employment opportunities to TANF recipients has been a challenge for many counties, especially those with limited job availability.

In accordance with federal statutes, the Colorado Works Program imposes a 60-month cumulative lifetime limit for receipt of basic cash assistance, and requires most adult recipients to be in a work activity within 24 months of being deemed job-ready.

### **Housing and Supportive Services**

Coordination of supportive services is a key factor in helping families escape poverty. Federal departments including Agriculture, Education, Health and Human Services, and Housing and Urban and Development have asked state departments to plan and coordinate their supportive service programs and create a unified plan for requesting future block grant federal funding. Local governments and non-profits must also coordinate supportive services in their local areas to apply for new program funding. The coordinated linking of job training, education, employment opportunities, childcare, transportation, housing and food stamps will enable poverty-stricken families in poverty to receive all the benefits they need to become self-sufficient and get off the welfare rolls.

In 2010, the Department of Local Affairs led the state in designing programs that are models for communities throughout Colorado. The Department received a \$4,700,000 TANF Supplemental grant from the Colorado Department of Human Services to complement its Homelessness Prevention and Rapid Re-housing Program Grant. The Department will also implement the Colorado Sustainable Main Streets Initiative as a holistic approach to community development issues that affect economic opportunity and social well-being.

Other examples include the use of the Division of Housing's funding as a catalyst for other sustainable housing efforts. The Division used Neighborhood Stabilization Program (NSP) funding to local governments and nonprofit agencies for activities that helped stabilize neighborhoods in areas highly impacted by foreclosures. More than twenty-five percent of the DOH NSP allocation assisted persons who earn less than 50 percent of the Area Median Income (AMI). In FY 2011, the State will receive NSP3 funding in the amount of \$5,093,309.

The Division of Housing finances hard project costs such as housing construction or rehabilitation, or soft costs such as rental subsidies through its other housing programs. The direct impact of housing development is quality housing and additional construction jobs for a community.

Colorado Housing Finance Authority (CHFA) also explores ways to provide low-interest loans for housing development that serves families at 30% of AMI. The Division and CHFA, as well as other housing agencies, often coordinate their funding in order to make affordable housing projects successful. CHFA and DOH are also collaborating to preserve affordable housing projects that have financial problems due to the economic slow down, resultant vacancy issues and intense market competition.

DOH may receive Housing Development Grant funds for State fiscal year 2011 for affordable housing, homeless shelters or transitional housing units. When available, these State funds are the most flexible of the Division's funding, and allow tailored community solutions to help ensure that the poorest families in Colorado have an increasing supply of rental units affordable to them.

DOH believes that supportive services linked to housing are the key to helping homeless families escape poverty. DOH, Supportive Housing and Homeless Programs (SHHP) and the Colorado Interagency Council on Homelessness actively work to promote independence by connecting housing with supportive services. These services



may include job training, education, employment, childcare, transportation, housing and food stamps.

The Housing Choice Voucher Family Self-Sufficiency (FSS) program provides a framework and time line for reducing dependency on public assistance and is administered by the Department of Local Affairs, Division of Housing and Department of Human Services, Supportive Housing and Homeless Programs. Nonprofit housing agencies, housing authorities and service providers offer the FSS program locally.

The Division of Housing currently works with 11 FSS programs in Colorado and provides approximately \$60,000 to fund FSS-related staff. Between 125 and 140 families participate in the program. 71 families have current escrow accounts in various communities with the Division, and 130 individuals have successfully graduated.

Many of the Division's Housing Choice Voucher contractors who administer the FSS programs have developed innovative ways to provide support to the families they serve. Two agencies have developed revolving emergency loan programs so that when a family needs funds for necessities, they can take out a low- or no-interest loan. One agency provides \$25 to \$50 incentives when an FSS client completes a GED, vocational or college course. Other innovative approaches exist.

SHHP currently collaborates with seven Colorado service providers in an FSS program that assists 37 persons with disabilities and formerly homeless families. Seventeen households have escrow accounts, and 15 persons with disabilities have successfully graduated.

The Division of Housing also operates a Housing Choice Voucher Special Needs Program to coordinate organizations that provide supportive services. This program offers rental assistance to seventy-five families through the Homeless with Substance Abuse initiative. Five hundred disabled families receive rental assistance through independent living centers. Forty families receive assistance through the Colorado AIDS project; and one hundred families in the Families Unification Program receive rental assistance, as well as 167 families who are homeless or at the risk of being homeless.

Although it is not a DOH program, it is important to note that the Department of Human Services (DHS) Supportive Housing and Homeless Programs (SHHP) division administers a Housing Choice Voucher rental subsidy program for persons with disabilities and homeless families. SHHP partners with 60 local mental health centers, developmental disabilities service providers, independent living centers, homeless service providers, and county departments of human services to provide housing to persons with special needs. SHHP administers 3,314 Housing Choice Vouchers for the special needs population, and 450 Shelter Plus Care vouchers for previously homeless persons with disabilities. Included in the SHHP programs are the following projects for special populations:

170 units for the Housing Choice Voucher Welfare-to-Work program

100 Family Unification program vouchers for youth aging out of foster care,

50 Project Access vouchers to assist younger persons with disabilities in moving from institutions into the community;

260 Veterans Administration Supportive Housing vouchers that provide permanent housing to homeless veterans.

# Non-Homeless Special Needs Housing

## 1. Describe the priorities and specific objectives the jurisdiction hopes to achieve for the period covered by the Action Plan.

A Department of Local Affairs, Division of Housing (DOH) priority regarding non-homeless special needs housing is to assist in creating an adequate supply of housing for persons with special needs coupled with appropriate services to increase independence. A “person with special needs” is one who requires supportive services to fully address his/her housing needs. “Special populations” include persons with physical disabilities, mental illness, developmental disabilities, people with HIV/AIDS and frail elderly persons. DOH plans to create at least 100 special needs units annually.

### ANALYSIS

People with special needs are among the lowest income persons in Colorado. Those living on SSI or small Social Security checks cannot afford to pay market rents or market rates at assisted-living facilities. People living on SSI in Colorado have to spend 92% of their income for an efficiency rental unit in Colorado. 10,276 persons with disabilities need subsidized housing in Colorado according to estimates by Supportive Housing and Homeless Programs (SHHP).

### Division of Housing Strategies for Special Needs Housing

#### Create Decent Housing

DOLA Strategy	HUD Program Goal	HUD Objective	HUD Outcome Statement	DOLA Indicator
<b><i>Long-Term Objective:</i></b> <b><i>Assist in creating an adequate supply of housing for persons with special needs coupled with services that increase independence</i></b>				
DH-1(1) Provide funding for permanent supportive housing units for the homeless, HIV/AIDS and special populations	Creating a Suitable Living Environment	Accessibility	Accessibility for the purpose of providing suitable living environment	Number of persons assisted 2010 100 2011 100 2012 100 2013 100 2014 100

## 2. Describe how Federal, State, and local public and private sector resources will be used to address identified needs for covered by this Action Plan.

HOME, CDBG, and State Housing Development Grants (if available) will assist in the creation of permanent supportive housing. DOH consults with the Colorado Housing Finance Authority (CHFA), HUD, Rural Development (RD) and faith-based housing development organizations to identify forthcoming projects: the project “pipeline.” Ongoing coordination of resources for projects in the pipeline ensures appropriate cost sharing of affordable housing projects. Additionally, DOH requires that local governments or community resources participate in such projects to the maximum extent possible.

The Department has requested that \$100 million dollars in Private Activity Bonds be utilized by CHFA to develop up to 600 units of housing for persons with disabilities.

# Housing Opportunities for People with AIDS (HOPWA)

## 1. Provide a brief description of organization, service area, program contacts, and an overview of the range/type of housing activities.

The four regional AIDS Projects sponsor Colorado's Housing Opportunities for People with AIDS (HOPWA) Program. The sponsors are:

*Northern Colorado AIDS Project: (N-CAP) Contact: Jeff Bassinger*

*Boulder Colorado AIDS Project: (B-CAP) Contact: Ana Hopperstad*

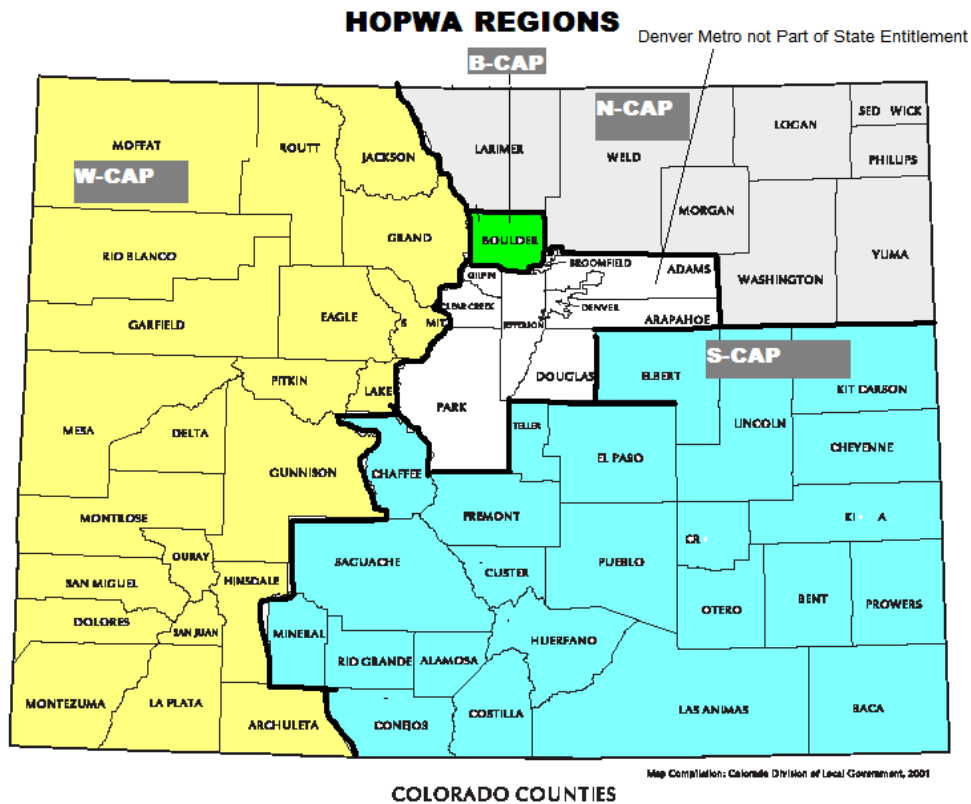
*Southern Colorado AIDS Project (S-CAP) Contact: Lisa Pickruhn*

*Western Slope Colorado AIDS Project (W-CAP) Contact: Mary Beth Luedtke*

Colorado AIDS Project is the subrecipient that helps project sponsors administer the program. The Colorado AIDS Project (CAP) formed the first community-wide response to the HIV/AIDS crisis in 1983.

*Colorado AIDS Project Contacts: Melanie Hill, Housing Services Manager  
Robert George, Director of Client Services*

HOPWA Eligible Activities include Tenant-Based Rental Assistance, Supportive Services, Short-Term Rent, Mortgage and Utilities (STRMU), Permanent Housing Placement, Housing Information and Resource Identification, and Technical Assistance.



Report on the actions taken during the year that addressed the special needs

**of persons who are not homeless but require supportive housing, and assistance for persons who are homeless.**

The statewide sponsor agencies provide supportive services for all low-income persons with HIV/AIDS, both homeless and at risk of homelessness, through comprehensive needs assessment and case management. This HOPWA-funded case management helps clients develop a long-range housing plan as well as access public benefits, mainstream resources, supportive housing, emergency financial assistance, primary care and other supportive services. During the year ended March 30, 2010, this program provided case management and supportive services to 107 qualified households. HOPWA funds provided Tenant-based Rental Assistance (TBRA) to 96 of those households, while another 11 received short-term help with their rent, mortgage or utility payments (STRMU).

**1. Evaluate the progress in meeting its specific objective of providing affordable housing, including a comparison of actual outputs and outcomes to proposed goals and progress made on the other planned actions indicated in the strategic and action plans. The evaluation can address any related program adjustments or future plans.**

Achievement targets were based on conservative service capacity estimates and our HOPWA program exceeded them. However, only 107 out of an estimated 342 households in need (23%) received assistance through HOPWA funding. The number of people in need of assistance from this program continues to expand. In September, 2010 the population of those living with HIV/AIDS in the balance of state area reached 2,683; the number of people seeking assistance grew at a rapid because of lingering unemployment or underemployment. At the same time, recent rental surveys indicate that vacancy rates are declining, while rents are increasing.

**2. Report on annual HOPWA output goals for the number of households assisted during the year in:**

Short-term rent, mortgage and utility payments to avoid homelessness: During the most recent fiscal year, 19 households received STRMU assistance, meeting the goal of 18. All of these households achieved housing stability.

Rental assistance programs: 87 households received tenant-based rental assistance during the past fiscal year, exceeding our goal of 65. 31 households exited the program to other stable housing. Two participants died, 1 was jailed and one other became disconnected.

Housing facilities, such as community residences and SRO dwellings, where funds are used to develop/operate these facilities. Include assessment of client outcomes for achieving housing stability, reduced risks of homelessness and improved access to care.

The State of Colorado does not receive enough funding to support housing development or operation of facilities.

**3. Report on the use of committed leveraging from other public and private resources that helped to address needs identified in the plan.**

Altogether, Federal Programs other than HOPWA provided \$289,410 in housing assistance and \$583,496 for supportive services and other non-direct housing costs. The State of Colorado provided \$103,089 for housing assistance and \$63,273 in related costs. Local governments supported housing with \$117,800 and related costs with \$26,459. Private sources provided \$186,513 for housing and \$126,117 for related costs. These leveraged funds provided rental assistance for 398 additional households during the past fiscal year.

**4. Provide an analysis of the extent to which HOPWA funds were distributed among different categories of housing needs consistent with the geographic distribution plans identified in its approved Con Plan.**

HOPWA Funds were allocated according to the distribution of people living with HIV/AIDS among the regions represented by our sponsor agencies. The table below shows the distribution of funds by region and category. Please refer to the map above to see the geographic area each sponsor covers.

Sponsor Agency	Tenant-Based Rental Assistance	Supportive Services	Short-term Rent, Mortgage or Utility Assistance	Permanent Housing Placement	Total Per Sponsor
WCAP	\$37,307		\$12,729	\$1,500	\$51,536
SCAP	\$91,928	\$30,806	\$4,500	\$5,000	\$132,234
NCAP	\$57,417	\$9,600	\$4,519		\$71,536
BCAP	\$83,197	\$13,949	0		\$97,146
<b>Totals by Category</b>	\$269,849.00	\$54,355.00	\$21,748.00	\$6,500	\$352,452

**5. Describe any barriers (including non-regulatory) encountered, actions in response to barriers, and recommendations for program improvement.**

Transportation is a barrier to HOPWA-funded service delivery in rural areas. Clients have difficulty getting to and from the agency, and case managers often travel hundreds of miles in a month to reach their clients. Lack of sufficient Housing Choice vouchers means it is more difficult to move a household off of HOPWA funding so more households can be served. The Fair Market Rent in many areas of the state is low relative to real-world rents, making it difficult for clients to qualify for assistance. Both lack of funding and neighborhood resistance are barriers to creation of more affordable housing for people with HIV/AIDS.

**6. Please describe expected trends facing the community in meeting needs of persons living with HIV/AIDS and provision of services to people with HIV/AIDS.**

Our sponsors consider the high unemployment rate that stems from the current economic downturn to be a source of concern. Unemployment has already led to an increase in the number of people seeking assistance, and the sponsors anticipate that this will continue. We project that the number of households in need will increase by about 20% each year over the next 5 years unless the economy improves. If HOPWA funding for the State increases at its historic rate of 5.7%, the gap between need and available resources will grow much wider.

Since the beginning of the epidemic, community organizations have been on the front lines offering information on how to prevent HIV and AIDS and providing services to those affected with the disease. Additionally we have seen a rise in organizations dedicated to reaching groups that are hardest hit by AIDS, particularly women and minorities.

Health plans are also playing an important role in this fight. With their wide networks of doctors and hospitals, health plans can help those living with HIV and AIDS identify an HIV specialist with whom they feel comfortable. In addition, health plans can put patients in touch with case managers who can help them keep track of medical appointments, tests and prescriptions.

**7. Please note any evaluations, studies or other assessments that will be conducted on the local HOPWA program during the next year.**

The only formal evaluation expected in the next year is that the subrecipient (CAP) will monitor the sponsor agencies at least twice, and DOLA/DOH will monitor the subrecipient.

**RESOURCES:**

**Describe how Federal, State, local and private-sector resources may be used to address identified needs for the year covered by the Action Plan.**

The Division of Housing provides HOPWA funding for rental assistance, supportive services, operating expenses, housing information and resource identification, and short-term rent and utilities. DOH may fund grants for creation of units through Community Development Block Grant (non-entitlement areas), HOME, Permanent Supportive Housing, Supportive Housing for Persons with Disabilities (Section 811), Federal Low Income Housing Tax Credits, and other federal, State and local funding sources, and HUD Housing Choice Vouchers and Homeownership programs. The HOPWA sponsor agencies have determined that they will allocate more HOPWA funds to tenant-based rental assistance and supportive services in the future because of increased need and because they can fund homelessness prevention services through sources other than STRMU. Because of this change, the goals indicated in the Specific HOPWA objectives table below have been adjusted beginning in 2011.

Funding Sources	
Housing Opportunities for Persons with AIDS (HOPWA)	\$424,707
Ryan White Funding	unknown
Local Government Contributions	unknown
Private Donations	unknown
Community Development Block Grant (CDBG)	\$ 225,000
HOME Partnership (for transitional housing)	\$ 300,000

**Specific HOPWA Objectives**

**Create Decent Housing**

DOLA Strategy	HUD Program Goal	HUD Objective	HUD Outcome Statement	DOLA Indicator
<i><b>Long-Term Objective Assist in creating an adequate supply of housing for persons w/ special needs coupled with services to increase independence</b></i>				
DH-1(3) Fund Rental Assistance targeted to homeless, special need and HIV-AIDS households to ensure that decent housing is attainable	Decent Housing	Affordability	Affordability for the purpose of creating decent housing	HOPWA-assisted households 2010 65 2011 90 2012 90 2013 90 2014 90
DH-2(4) Fund Homeless Prevention (for HOPWA, short-term rent, mortgage and utility assistance) to promote housing stability and ensure that decent housing is affordable	Decent Housing	Affordability	Affordability for the purpose of creating decent housing	HOPWA-assisted households 2010 18 2011 10 2012 10 2013 10 2014 10

DH-1(2) Fund permanent housing placement and resource identification services to make decent housing more available to persons with HIV/AIDS	Decent Housing	Availability	Availability for the purpose of creating decent housing	HOPWA-assisted households 2010 10 2011 10 2012 10 2013 10 2014 10
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### Create a Suitable Living Environment

DOLA Strategy	HUD Program Goal	HUD Objective	HUD Outcome Statement	DOLA Indicator
<i>Long-Term Objective Provide funding for supportive services that foster independence</i>				
SL-1(1) Provide funding for supportive services for Homeless or HIV/AIDS clients to create housing stability and foster independence	Decent Housing	Availability	Availability for the purpose of providing decent housing	Number of clients assisted FY 2010 83 FY 2011 90 FY 2012 90 FY 2013 90 FY 2014 90

## Housing Opportunities for People with AIDS Formula Program Description

### I. Program Description

The Division of Housing expects to receive \$424,707 in HOPWA funding from HUD and will work with a consortium of four Colorado Aids Project (CAP) agencies to assist persons living with HIV/AIDS. The CAP agencies may use these funds to provide tenant-based rental assistance, emergency assistance, and/or to provide housing coordination services and supportive services to low income persons/families living with HIV/AIDS.

### II. Program Services

HOPWA funding will help clients access housing and related supportive services. Funds will enable low-income Coloradans living with HIV/AIDS and their families to achieve housing stability and gain access to health-care and related supportive services.

### III. Funding Allocations

The Division of Housing works with a consortium of four Colorado AIDS Project (CAP) agencies to determine distribution of the expected \$424,707 allocated to the State of Colorado for federal fiscal year 2011. The funding will be distributed statewide according to the incidence of HIV/AIDS and the sponsors' ability to use the funds. The Division of Housing will also use up to 3% of funding for administrative costs. Colorado AIDS Project, the subrecipient, will use up to 7% of funding for its administrative costs.

### IV. Program Oversight

The Division of Housing will oversee of the grant and will observe all spending caps on administration of this grant.

### V. Program Objectives

The department will follow the reporting system established by HUD for the HOPWA program and report program outcomes according to the following outcome measures:

- ❖ Increase the number of eligible clients/households able to establish and better maintain suitable stable housing.
- ❖ Improve accessibility to health care and other support services for eligible clients/households.

Reduce the risk of homelessness for individuals/families living with HIV/AIDS.

## **Consolidated Plan Summary**

The Department of Local Affairs will continue to use funding granted by the Department of Housing and Urban Development to help communities create and sustain a higher quality of life for their residents. The Department, through the Division of Local Government, Division of Housing and the Governor's Office of Economic Development and International Trade will coordinate their efforts to use these funds for the maximum benefit of the people of Colorado by creating good jobs, improved infrastructure and public facilities and decent, affordable housing in strong, livable communities.



***EXHIBIT A: Citizen Participation Plan***  
**COLORADO'S 2010-2015 CITIZEN PARTICIPATION PLAN**  
**HUD FORMULA PROGRAMS**

Pursuant to the Department of Housing and Urban Development's (HUD) rule, requiring a consolidated planning process for four of its formula programs, Community Development Block Grant State Program (CDBG), HOME Investment Partnerships (HOME), Emergency Shelter Grants (ESG), and Housing Opportunities for Persons with AIDS (HOPWA), this Citizen Participation Plan is developed to ensure that the citizens of the State of Colorado, particularly persons of low and moderate income residing in areas where it is proposed which such funds are to be used, are provided the opportunity and encouraged to participate in the planning and implementation of funded activities.

The state expects to fund activities that address the needs of the above persons in the categories of housing, public facility, infrastructure improvements, public service, accessibility, and economic development. The state also will develop plans, as necessary, to minimize displacement of persons and to assist any persons displaced.

The primary goal of the state's CDBG program is the development of viable urban communities by providing decent housing and suitable living environment and expanding economic opportunities, principally for persons of low and moderate income. Consistent with this primary objective, not less than 70% of federal fiscal years' 2010, 2011, and 2012 funds will be used for project activities that benefit persons of low and moderate income.

The objectives of the state's HOME program are the following:

- \* To expand the supply of decent, safe, sanitary, and affordable housing;
- \* To mobilize and strengthen the abilities of the state, units of local government, and nonprofit organizations, to design and implement strategies for achieving an adequate supply of decent, safe, sanitary and affordable housing;
- \* To provide eligible applicants, on a coordinated basis, with the various forms of federal housing assistance, including capital investments, mortgage insurance, rental assistance, and other federal assistance, needed;
- \* To expand the supply of decent, safe, sanitary, and affordable housing;
- \* To make new construction, rehabilitation, substantial rehabilitation, and acquisition of such housing feasible;
- \* To promote the development of partnerships among the federal government, states and units of general local government, private industry, and nonprofit organizations able to utilize effectively all available resources to provide more of such housing;
- \* To make housing more affordable for very low-income and low-income families through the use of tenant-based rental assistance;
- \* To expand the capacity of nonprofit community housing development

organizations to develop and manage decent, safe, sanitary, and affordable housing;

- \* To ensure that federal investment produces housing stock that is available and affordable to low-income families for the property's remaining useful life, is appropriate to the neighborhood surroundings and, wherever appropriate, is mixed income housing;
- \* To increase the investment of private capital and the use of private sector resources in the provision of decent, safe, sanitary and affordable housing;
- \* To leverage HOME funds insofar as practicable with state and local matching contributions and private investment;
- \* To provide credit enhancement for affordable housing by utilizing the capacities of existing agencies and mortgage finance institutions when most efficient and supplementing their activities when appropriate; and,
- \* To assist the very low-income and low-income families to obtain the skills and knowledge necessary to become responsible homeowners and tenants.

The goals of the state's Emergency Shelter Grant (ESG) program are to assist homeless persons by providing better facilities and supportive services at emergency shelters and to assist potentially homeless persons by providing expanded prevention programs. The objectives of the state's ESG program are the following:

- \* To assist in supporting the operating costs of emergency shelters;
- \* To assist in the prevention of homelessness;
- \* To assist in improving the quality, conditions and supportive services available through existing emergency shelters;

The objective of the state's HOPWA program is to provide tenant-based rental assistance, short-term emergency assistance and/or to provide housing coordination and supportive services to persons living with HIV/AIDS and their families in order to ensure that all people living with HIV have access to services from health care to housing and supportive services that are affordable, of high quality, and responsive to their needs..

The state is expecting to receive \$8,702,773 in CDBG funds, \$7,304,221 in HOME funds, \$1,040,658 in ESG funds, and \$424,707 in HOPWA funds.

### **CONSULTATION**

Prior to the preparation of a "draft" consolidated plan or Annual Action Plan, the state, through the Department of Local Affairs (DOLA) will consult with various public and private agencies that provide housing, health, social, public infrastructure improvements, economic development, and other identified services to persons of low and moderate income, agencies that provide services to persons with AIDS, and with agencies that provide services to homeless persons. DOLA will also notify units of general local governments of the planning process to solicit their input into the process.

**PUBLIC HEARINGS**

Two public hearings will be conducted per year to obtain citizens' views. The hearings will be conducted, at a minimum, at two different stages of the program. At least one hearing will be held during the development of the plan but before the proposed consolidated plan is published. The hearings will address the housing and community development needs of the state, development of proposed activities, and a review of program performance during the year.

For the initial hearing, a public notice will be published on the DOLA website and in a newspaper of general circulation at least seven (7) days prior to such public hearing. A copy of the public notice will also be sent to the various organizations from which the state sought consultation. A listing of all organizations consulted will be included in the draft plan. The hearings will be held at times and locations convenient to potential and actual beneficiaries, and the state will provide accommodation for the handicapped upon request. In the case of public hearings where a significant number of non-English speaking residents can be reasonably expected to participate, arrangements will be made to have an interpreter present.

The state will accept written comments up to fifteen (15) days from the date of each hearing. These comments will be a part of the state's consolidated planning process.

**PUBLIC INFORMATION AND ACCESS TO RECORDS**

Information and records regarding the proposed and past use of the four funding sources will be available at the Department of Local Affairs, 1313 Sherman Street, Room 500, Denver, Colorado during regular office hours, 8am to 5pm Monday through Friday, except holidays.

Copies of the proposed plan will also be posted in DOLA field offices.

- |  |  |
|--|--|
| Northeastern area office,<br>Fort Morgan, (970) 867-4961   | Southeastern area office,<br>Pueblo, (719) 544-6577      |
| Northwestern office, Grand Junction,<br>(970) 248-7310     | Southwestern office,<br>Durango, (970) 247-7311          |
| Northern Mountains office,<br>Silverthorne, (970) 668-6160 | South Central office,<br>Alamosa, (719) 589-2251         |
| North Central office,<br>Loveland, (970) 679-4501          | Central office, field offices.<br>Golden, (303) 273-1787 |

Please call (303) 866-2771 or TDD (303) 866-5300 for the location of the DOLA field office nearest you or you may contact the field office directly. Alternate formats of the citizen participation plan and consolidated plan will be made available to persons upon request.

The DOLA will publish on its website and in a newspaper of general circulation the availability of the draft consolidated plan and the dates of the thirty (30) day public comment period. A copy of the summary of the consolidated plan will be sent to organizations with which the DOLA sought consultation. A copy of the entire plan will be available at each of the DOLA's regional field offices listed above and the DOLA's Denver main office. Citizen's who wish to participate in the planning process are encouraged to contact either an organization that represents their interests or the DOLA field office serving their region.

## **TECHNICAL ASSISTANCE**

The DOLA will provide technical assistance to groups representative of persons of very low and low moderate income that are residents of the State of Colorado that request assistance in developing proposals for funding under any of the programs covered by this plan. The level and type of assistance will be determined by the DOLA and will be based on its ability to provide or arrange for such assistance, the cost of providing such assistance and other relevant factors.

## **CITIZEN PARTICIPATION REQUIREMENTS FOR LOCAL GOVERNMENTS APPLYING FOR CDBG FUNDING**

Local governments applying for CDBG funds from DOLA are required to publish a legal notification in a newspaper of general circulation in their area for one day providing the public information on:

1. the amount of funds available for the proposed community development or housing activity;
2. the range of activities that may be undertaken;
3. the estimated amount proposed for activities that will benefit low and moderate income persons;
4. plans for minimizing displacement as a result of CDBG assisted activities, and to assist persons actually displaced.

This notice must be published at least five (5) days prior to the public hearing.

After CDBG funds are awarded to a local government, the government must certify to DOLA that they have developed a detailed citizen participation plan which:

1. Provides for and encourages citizen participation with particular emphasis on participation by persons of low and moderate income who are residents of slum and blight areas and of areas in which Community Development Block Grant (CDBG) funds are proposed to be used;
2. Provides citizens with reasonable and timely access to local meetings, information, and records relating to its proposed and actual use of CDBG funds including program income;
3. Provides for technical assistance to groups representative of persons of low and moderate income that request such assistance in developing proposals with the level and type of assistance to be determined by the applicant;
4. Provides for public hearings to obtain citizen views and to respond to proposals and questions at all stages of the community development program, including at least the development of needs, the review of proposed activities, and review of program performance, which hearings shall be held after adequate notice at times and locations convenient to potential or actual beneficiaries, and with accommodation for the disabled;
5. Provides for timely written answers to written complaints and grievances, within 15 working days where practical; and
6. Identifies how the needs of non-English speaking residents will be met in the case of public hearings where a significant number of non-English speaking residents can be reasonably expected to participate.

Local governments must also provide reasonable access to records regarding the past use of CDBG funds and provide reasonable notice of, and an opportunity to comment on, any substantial change proposed in the use of the funds.

**AMENDMENTS**

The DOLA will amend its consolidated plan when there is a change in the method of distribution or when so directed by HUD.

The DOLA will post on its website the availability of the draft amendment and the dates of the thirty (30) day public comment period. A copy of the amendment will be available at each of the DOLA's regional field offices listed above and the DOLA's Denver main office. These Citizen comments will be included as an attachment to the final substantial amendment.

**WRITTEN COMMENTS AND COMPLAINTS**

The state will respond to comments, complaints and grievances in a timely manner. When practicable, such responses shall be made within fifteen (15) working days and included in the consolidated plan. Please address your comments, complaints, or grievances to:

Consolidated Plan Staff  
DOLA, Room 500  
1313 Sherman Street  
Denver, CO 80203

## ***EXHIBIT B. Public Hearing Testimony and Responses***

**Phone Call #1:** Phone call from Tim Heavers, Montrose Housing Authority:

**Question/Comment:** We would like to see the State redistribute Section 8 vouchers or provide new vouchers.

**Response:** We will provide your comment and concerns to the program manager and Division Director.

### **Public Hearing #1: 12:00 Noon, Grand Junction, Colorado**

Attendance: Bill Whaley, Division of Housing Field Representative; Linda Taylor, Grand Junction Center for Independence; Mary Moore, Grand Junction Center for Independence. By phone: Pat Coyle, Director, Division of Housing; Lynn Shine, Housing Initiatives Coordinator, Division of Housing

**Question/Comment:** We're concerned that even though this is a prime time for persons with disabilities to move into affordable housing, there are not enough affordable, accessible units.

**Response:** It's been a huge barrier to help people move into independent housing. The Division of Housing is for all of the new Section 8 vouchers for which we can qualify: Nonelderly Disabled Vouchers, Veterans Vouchers, Family Self-Sufficiency Vouchers, and Family Unification Program Vouchers. (Please see the second objective on page 7.). This in itself will provide assistance to additional families.

At the same time, we will make as many vouchers as possible project-based, that is, attached to the unit rather than the renter. Having a Section 8 voucher attached to the building encourages developers to provide more units in a project they are planning because they have some guaranteed rents. It makes it easier for us to request that the developer provide more units for very low-income, or households where one or more persons has a disability. We can also assist the developer to fill the gaps in project funding by using our HOME or CDBG funds.

**Question/Comment:** We need to help people get into the housing. They don't understand the rules and get bounced out.

**Response:** The State needs to help deal with the myths of housing, and to help housing authorities both understand and work with a person who has mental illness or needs to be in substance abuse treatment.

DOLA will enact a "Property Manager's Initiative" to work with Housing Authorities to reduce or eliminate administrative barriers often encountered by people most at risk of homelessness (See page 99).

**Question/Comment:** We are interested in helping to build assets for persons with disabilities, including more asset-building in the housing area. What can you do?

**Response:** There are agencies in the Northwestern Colorado area and we will help connect you to those agencies, including Housing Resources of Western Colorado.

We are requesting that the Colorado Housing and Finance Authority (CHFA) use \$100,000,000 of Private Activity Bond allocation to provide a portion of the equity required to build up to 600 units of units of housing for persons with disabilities (Page 85).

**Question/Comment:** How do we on the Western Slope respond to initiatives?

**Response:** The State can connect you with partner agencies, technical assistance providers and others.

**Question/Comment:** The Money Follows the Person is a program to de-institutionalize people and allow them to live outside of a nursing home. It is less restrictive than other programs, but it requires that a housing unit be available for the individual.

**Response:**

The State is partnering with other State agencies to apply for Money Follows the Person. In addition, the State plans to ask CHFA to provide \$100,000,000 of Private Activity Bonds that can help develop up to 600 units of accessible, affordable housing.

**Public Hearing #2: 4:00 p.m., Denver, Colorado**

**Attendance:** Jeff Hart, private citizen, Randle Loeb, Chairman of Metropolitan Denver Homeless Initiative; Tracey Stewart, Colorado Center on Law and Poverty; Lexi Udell, Colorado Coalition for Homeless; Louise, Independent Living Center; Doug Smith, Rocky Mountain Communities; Mike Rosser, State Housing Board; Louise Apodaca, Colorado Cross Disability Coalition; Patience Crowder, University of Denver Law School Clinical Program; Sarah Harman, Housing Colorado; Lee Patke, Greccio Housing, Colorado Springs (by phone); Pat Coyle, Director, Division of Housing; Lynn Shine, Housing Initiatives Coordinator, Division of Housing.

**Question/Comment:**

Our department is creating a Veterans Housing Authority in cooperation with the Department of Human Services, Supportive Housing and Homeless Programs. This new approach is both collaborative and unique, and will ensure that housing and services are connected for homeless veterans.

A portion of those vouchers will be project-based and will help underwrite the construction of new units, some of which could be new accessible units. We can also use a portion of our HOME or CDBG dollars to help developers on the

**Question/Comment:** On page 5 of your Action Plan, the second objective reads, "Meet the community needs for the homeless through supportive services and appropriate housing." If you read across the matrix to "DOLA Annual targeted production of units" it shows a benchmark of 10 units. Why this number is so low?.

**Response:** There are a couple of reasons for this: (1) The Division of Housing has created many units of shelter and transitional housing over the past seven or eight years, and requests for new units are fewer than prior years. (2) We are moving away from temporary housing in favor of permanent housing. Both shelters and transitional housing have a temporary term. It is unsettling for people to know that after 60 days they must move, or after two years, they have to find another housing situation.

Additionally, we are requesting that the Colorado Housing and Finance Authority (CHFA) use \$100,000,000 of Private Activity Bond allocation to provide a portion of the equity required to build up to 600 units of units of housing for persons with disabilities (Page 85).

**Question/Comment: What is a Private Activity Bond?**

**Response:** Private Activity Bonds (PABs) are tax-exempt bonds issued for privately developed projects. The Internal Revenue service allows a limited amount per state, also know as PAB "Cap" or Capacity. Municipalities or Authorities issue the bonds, but have no obligation to repay investors. Investors buy the bonds. Underwriters use the

investor's dollars or "bond proceeds" to make a loan to the project. The project pays back the loan and investors get repaid with interest.

**Question/Comment:** It would be helpful if your chart with your goals and objectives added a column that showed what the need is, or maybe a separate chart.

**Response:** The State will add a chart that shows the needs by income levels.

**Question/Comment:** Why don't you put all of your housing resources to meet the greatest need or greatest geographic area, for example homelessness?

**Response:** There are many types of housing needs, across many regions of the state and many populations are living in dire conditions or at risk of homelessness. If the State's resources only addressed homelessness, some at-risk households could actually be stressed the point of becoming homelessness.

**Question/Comment:** Waiting lists are inaccurate whether you're talking about Section 8 or Housing programs.

**Response:** People often move before a unit is available for them. Housing providers exploring redoing waiting lists to more accurately and timely reflect who is still looking for housing.

**Question/Comment:** There needs to be more homeownership opportunity for very low-income persons who are stable.

**Response:** There agencies who specialize in helping low-income persons to secure homeownership. It is more difficult in this economic climate.







Non-Homeless Special Needs Including HOPWA	Needs	Currently Available	GAP	3-5 Year Quantities										Total				
				Year 1		Year 2		Year 3		Year 4*		Year 5*		Goal	Actual	% of Goal		
				Goal	Complete	Goal	Complete	Goal	Complete	Goal	Complete	Goal	Complete					
Housing Needed	52. Elderly	43044	35799	7245	20	0	20	0	0	0	0	0	0	0	0	40	0	0%
	53. Frail Elderly	3866	0	3866	10	0	10	0	0	0	0	0	0	0	0	20	0	0%
	54. Persons w/ Severe Mental Illness	###	677	2E+05	30	0	30	0	0	0	0	0	0	0	0	60	0	0%
	55. Developmentally Disabled	19,995	1222	18773	10	0	12	0	0	0	0	0	0	0	0	22	0	0%
	56. Physically Disabled	###	0	88967	25	0	23	0	0	0	0	0	0	0	0	48	0	0%
	57. Alcohol/Other Drug Addicted	2959	1682	1277	0	0	0	0	0	0	0	0	0	0	0	0	0	###
	58. Persons w/ HIV/AIDS & their families	5398	128	5270	90	0	90	0	0	0	0	0	0	0	0	180	0	0%
	59. Public Housing Residents	68835	31920	36915	0	0	0	0	0	0	0	0	0	0	0	0	0	###
	<b>Total</b>	<b>4E+05</b>	<b>71428</b>	<b>3E+05</b>	<b>185</b>	<b>0</b>	<b>185</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>370</b>	<b>0</b>	<b>0%</b>
Supportive Services Needed	60. Elderly	43044	35799	7245	0	0	20	0	0	0	0	0	0	0	0	20	0	0%
	61. Frail Elderly	3866	0	3866	0	0	0	0	0	0	0	0	0	0	0	0	0	###
	62. Persons w/ Severe Mental Illness	2E+05	677	2E+05	30	0	30	0	0	0	0	0	0	0	0	60	0	0%
	63. Developmentally Disabled	19995	1222	18773	10	0	10	0	0	0	0	0	0	0	0	20	0	0%
	64. Physically Disabled	88967	0	88967	20	0	15	0	0	0	0	0	0	0	0	35	0	0%
	65. Alcohol/Other Drug Addicted	2959	1682	1277	6	0	30	0	0	0	0	0	0	0	0	36	0	0%
	66. Persons w/ HIV/AIDS & their families	5398	128	5270	60	0	60	0	0	0	0	0	0	0	0	120	0	0%
	67. Public Housing Residents	68835	31920	36915	0	0	0	0	0	0	0	0	0	0	0	0	0	###
	<b>Total</b>	<b>4E+05</b>	<b>71428</b>	<b>3E+05</b>	<b>126</b>	<b>0</b>	<b>165</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>291</b>	<b>0</b>	<b>0%</b>

## **EXHIBIT D: Colorado Analysis of Impediments to Fair Housing**

### **Conclusions and Recommendations**

The following list of impediments and ways to address them is preliminary. It has not been reviewed by Department of Local Affairs or Department of Health and Humans Services staff or management, and has not been subjected to public comment although based in part on public input.

- **1. Impediments Found**

- **High Housing Costs Combined with Low Income/Wages**

Survey responses, entitlement-area Analyses of Impediments, and DOLA/DOH's Housing Mismatch report and analysis of ACS data show that the greatest barrier to fair housing in Colorado is the relative shortage of affordable units for households with low and very low incomes. High housing costs coupled with low incomes for Blacks, Hispanics, American Indians, people with disabilities and women put these protected classes at a major disadvantage in obtaining housing they can afford. Specific shortages of affordable housing for disabled people and for large families were cited in several examples.

#### **Causes of High Housing Costs**

##### **Land Costs**

Land costs continue to be an impediment to the production of an adequate supply housing that will promote fair housing choice. This is especially true in resort communities, where there is both great demand for second homes for the wealthy, and where much of the land is unavailable for development because it is owned by the Federal government or is not suitable for housing because of the terrain. Rapidly developing communities in other areas also have high land costs.

##### **Impact Development Fees**

Many local jurisdictions pay for new growth in the community through the use of impact development fees. These fees may include water, wastewater, parks and recreation facilities, fire stations, libraries, and road improvements among other items. These development charges add an additional layer of cost to the expense of creating affordable housing units.

##### **Other local planning/zoning and building regulations**

Other local regulations can add to the cost of housing development, such as growth limits, minimum house or lot sizes, expensive design standards, zoning to exclude multi-family or manufactured housing. Long and complex permitting processes and fees add to developers' costs and increase the cost of the final housing units.

The lack of affordable housing has a disparate impact on Black/African Americans, Hispanics, American Indians, women and people with disabilities because higher percentages of these protected classes are low income. The shortage of housing specifically suited to people with disabilities is an additional impediment, along with a shortage of apartments with more than three bedrooms, which makes it difficult to house large families.

### **Community Resistance to Affordable and Special Needs Housing**

The “Not in My Back Yard Syndrome” is an impediment to fair housing because it discourages or may even prevent development of affordable housing that would provide fair housing choice to protected classes. Twelve of the fourteen communities whose Analyses of Impediments were reviewed cited this as a major impediment.

### **Lack of Fair Housing Education and Coordination**

Review of survey responses and entitlement AIs indicates that many residents and property managers do not have access information about Fair Housing rights and responsibilities. Housing and service agencies’ staff require Fair Housing training as well as advocate organizations.

### **Lack of Fair Housing Enforcement**

The economic downturn and subsequent reductions in State and Federal revenue have led to a lack of funding for Fair Housing testing. No non-profit organizations in Colorado have received FHIP funding since 2007. Comments in our survey noted lack of enforcement and difficulty in assistance when experiencing discrimination

### **Predatory Lending and Foreclosures**

A study by the Colorado Civil Rights Division found that minorities, especially Blacks and Latinos, were targeted for subprime and even mortgage loans and that these groups consequently have experienced a disproportionate number of foreclosures.

### **Language and Cultural Issues**

Persons who do not speak English may be vulnerable to discrimination or unfair acts. Language barriers especially complicate landlord/tenant issues.

### **Housing Discrimination**

Housing discrimination can be hard to prove in the absence of formal testing, but can be inferred from other sources.

HUD’s 2005 *Discrimination in Metropolitan Housing Markets Phase I* report indicated the presence of racial discrimination in the Denver Metropolitan area as well as in Pueblo.

Analysis of HMDA data shows the highest conventional purchase loan denial rates were for Blacks and Hispanics, which may indicate housing discrimination. However, since HMDA data does not include all of the pertinent information on which lending decisions are based, especially credit scores. This makes it impossible to determine clearly whether race or ethnicity itself is the crucial factor in whether a loan is denied, and therefore whether racial or ethnic discrimination is occurring. Likewise, HMDA data does not disclose whether a mortgage applicant is disabled.

A 2009 report by the Colorado Civil Rights Division found a strong relationship between minority presence, English as a Second Language and subprime loan activity. It found a smaller relationship between subprime lending and income level. As a result, large numbers of Black and Hispanic households have experienced foreclosure and whole neighborhoods have been filled with foreclosed, abandoned and unmaintained homes.

### **Transportation**

Lack of public transit in many areas of the state as well as lack of affordable housing along existing transit routes is an impediment to fair housing. Housing patterns,

location of employment opportunities and public transit are not coordinated so as to enable minorities and low income people to hold a job without having a car. Transportation is a recurring barrier to service delivery for people with HIV/AIDS outside the Denver Metro Area, as no public transportation exists and the service areas for HOPWA sponsor agencies are very large.

### **Local Government Regulations**

Planning and zoning, definitions of "family," land use plans, development fees, growth management programs and housing design specifications may increase the cost of housing and otherwise create impediments to fair housing choice.

### **• 2. Actions To Address Impediments**

This list of proposed actions may have to be revised or limited depending on funding availability and whether additional funding can be found.

### **Lack of Fair Housing Education and Coordination**

- Develop a program to educate landlords and property managers about fair housing, especially as it affects people with disabilities
- Additional training for Division of Housing staff to improve Technical Assistance to housing providers and services to the public.
- Continual development of the Division of Housing's fair housing web page
- Promote fair housing education offered by other organizations through our housing blog, web site, and e-mail
- Provide information about funding available for fair housing (NOFAs) through our housing blog, web site, and e-mail.
- Provide/coordinate training for fair housing with other statewide, federal and nonprofit housing agencies including CCRD, CHFA, Colorado Department of Human Services, Supportive Housing and Homeless Programs (SHHP), Fannie Mae, Freddie Mac, Colorado Association of Realtors, Colorado Coalition for the Homeless (CCH), Colorado AIDS Project, statewide disability organizations and other fair housing leaders.
- Ensure that all partners provide webpage links to the Colorado Civil Rights Division (CCRD) and the U.S. Department of Housing and Urban Development (HUD), along with information about fair housing.

### **High Housing Costs Combined with Low Income/Wages:**

#### **Address local planning/zoning, building regulations and impact development fees**

- Annually, publish "Affordable Housing: A Guide for Local Officials" as a tool for local governments in creating affordable housing and reducing regulatory barriers.
- Use Section 3 requirements more effectively to create jobs and economic opportunity in low income areas that are receiving federal funds by collaborating with local entitlements to create lists of Section 3 employers, and by developing ways to communicate Section 3 job opportunities to qualified individuals.

### **Impediments specific to people with disabilities**

- Provide technical assistance to property managers on how to fill accessible units with people who need them.
- Try again to create a program to assist landlords in modifying units to meet accessibility standards in order to increase the supply of accessible units. Look into possible funding

sources for these modifications could be Medicaid and/or funds from Section 504 settlements through Colorado Civil Rights Division.

- Encourage local housing and disability service agencies to conduct tenant training programs to increase client knowledge of fair housing rights.
- House Bill 1230, passed during the 2011 State Legislative session, combined the administration of all Housing programs under the Department of Local Affairs, Division of Housing by transferring administration of housing choice vouchers for people with disabilities from the Department of Human Services. The State believes that this action will save significant administration cost at the state level, enabling the Division of Housing to accomplish three important objectives:
  - (1) pass along administrative funding to local Housing Choice Voucher administrators and allowing them to build their capacity;
  - (2) make funding available to provide training and technical assistance on fair housing issues, particularly those specific to people with disabilities such as reasonable accommodation, reasonable modifications, and accessibility; and (3) improve communication and coordination between public housing authorities and organizations that serve people with disabilities.
- DOLA will release key documents such as the Consolidated Plan, Annual Action Plan, Analysis of Impediments to Fair Housing, Public Housing Agency and Administration plans, and public notices (on our web site only) in large print versions to make them more accessible.
- Establish an Advisory Board comprised of people with disabilities for the Supportive Housing and Homeless Programs section of DOH.
- DOLA is revising and updating its web site and will meet ADA accessibility standards.
- Include the disability community in projects to Affirmatively Further fair housing.
- Ensure that at least one member of the State Housing Board is a member of the disability community as required under Senate Bill 1183, passed in the most recent legislative session.
- Add information on accessibility requirements to DOH's Developers' Toolkit training workshop.
- Encourage the development of housing without steps and with wide hallways and bathroom doors.

### **Community Resistance to Affordable and Special Needs Housing**

- Increase efforts to build awareness of the need for affordable housing in Colorado communities through publications, public speaking, participation in affordable housing and special needs advocacy groups, educating legislators, and working with local governments.
- Partner with the Division of Local Government, the Colorado Municipal League and Colorado Counties Incorporated and housing developers to promote "best planning practices" that involve neighborhoods and the public at the beginning of the housing development process.
- Enhance public education about the positive community effects of affordable/special needs housing through publications, public speaking, participation in affordable housing and special needs advocacy groups.
- Provide assistance to housing developers on working with neighbors to allay unfounded fears, by referring them to the fair housing section of the Knowledgeplex web site ([www.knowledgeplex.org](http://www.knowledgeplex.org)).

## **Lack of Fair Housing Enforcement**

- Request that HUD conduct or fund fair housing testing in Colorado
- Seek out new sources of funding for testing, apply for those for which the Division of Housing is eligible, and pass along information about funding availability to organizations that are eligible through our web site, listserv and blog.
- Increase access to information and assistance about filing fair housing complaints by making this information available on our web site.

## **Language and Cultural Issues**

- Develop a list of Department of Local Affairs employees who are bilingual and competent to act as interpreters and/or translators.
- Increase outreach to tenants and landlords, both through informational materials person-to-person contact.
- Analyze needs of Limited English Proficiency persons in Colorado and adopt a formal Language Assistance Plan (currently underway)
- Partner with Colorado Civil Rights Division to provide fair housing information in various languages, especially Spanish.
- The Division of Housing will release key documents such as the Consolidated Plan, Annual Action Plan, Analysis of Impediments to Fair Housing, Public Housing Agency Annual and Administrative plans, and public notices in Spanish as well as English.

## **Transportation**

- Continue to promote Sustainable Communities, which encompass transportation and economic opportunity as well as affordable housing.
- Encourage development of affordable housing in close proximity to public transit (transit-oriented development), especially where it provides access to better employment opportunities.
- Encourage the placement of affordable and/or accessible housing close to services in places where public transportation is not economically feasible.

## **Other Local Government Regulations (not housing-cost related)**

- Continue to educate local governments about barriers to affordable and fair housing.
- Ensure that local government applicants have and enforce Fair Housing Plans. Division of Housing staff will continue to require that local governments have a fair housing plan in place before any new funding to them goes to contract. Asset Managers will continue to include fair housing compliance in their monitoring and project close out processes.
- Perform further research into local government planning and zoning policies, especially those concerning multi-family housing and other rental housing issues such as definitions of "family" or limits on the number of unrelated adults per housing units to ensure that they do not impede access to fair housing.
- Provide Colorado's counties and municipalities with the tools and information needed to implement and benefit from the use of a version of the IBC that is fair housing compliant.

## **• Other Actions**

The intention of the Division of Housing is to update this Analysis annually as new data becomes available and in coordination with the Consolidated Plan Annual Action Plan as funding and other resources permit.